Foreign
Broadcast
Information
Service
50
ANNIVERSARY
1941 - 1991

Daily Report

East Asia

FBIS-EAS-91-122
Tuesday
25 June 1991

Daily Report
East Asia

FBIS-EAS-91-122 CONTENTS *25 June 1991*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTER-ASIAN AFFAIRS

Cambodian SNC Meeting Continues

Cease-Fire Agreed Upon on Eve of Meeting *[SPK]* 1
Further on 24 Jun Phatthaya Meeting *[Bangkok Radio]* 1
    Results of Meeting Reported *[Bangkok Radio]* 1
    Sihanouk 'Dashed Hopes' *[AFP]* 1
    Khmer Rouge Position Detailed *[AFP]* 2
    SPK Lists Decisions *[SPK]* 3
    Details Published *[Bangkok THE NATION 25 Jun]* 3
Morning Meeting Canceled; Khieu Samphan Absent *[AFP]* 4
UN Representative Comments on Meeting *[Bangkok Radio]* 4
Khmer Rouge Agress to Phnom Penh Talks *[AFP]* 4
Hun Sen Clarifies UN Peace Plan Stand *[SPK]* 5

NORTHEAST ASIA

Japan

Bank Governor Comments After G-7 Meeting *[KYODO]* 6
    Cites Finance Minister's Remarks *[KYODO]* 6
Kaifu Reacts to Stock Exchange Scandal *[KYODO]* 6
    Finance Minister Remarks *[KYODO]* 7
Police: Sagawa Firm Connected to Yakuza *[KYODO]* 7
More on USSR Invitation To Observe Exercises *[KYODO]* 8
Agriculture Minister Remarks on Rice, Talks *[KYODO]* 8
Spokesman on Progress in Cambodian Peace Talks *[KYODO]* 8
Polish Prime Minister Arrives on Visit 22 Jun *[Warsaw TV]* 9
    Urges Stronger Ties, Investment *[KYODO]* 9
    Holds Meetings, Interviews 24 Jun *[Warsaw PAP]* 9
    Cautions Against Aid to USSR *[KYODO]* 10
Trade Minister Meets South African Counterpart *[KYODO]* 10
Business on Easing of Sanctions on South Africa *[KYODO]* 11
South African Economics Head Urges Investment *[KYODO]* 11
Bank of China To Resume Offering Yen Bonds *[KYODO]* 12
Companies To Begin Printer Production in PRC *[KYODO]* 12
Mitsubishi Materials To Set Up Plant in PRC *[KYODO]* 12
Business Accord With French Software Company *[KYODO]* 12
Ministry Announces Resumption of Aid to Haiti *[KYODO]* 13
Export-Import Bank To Extend Foreign Loans *[KYODO]* 13
Nakayama Meets Cuban Minister, Urges Change *[KYODO]* 13
Cabinet Approves Appointment of Sakuma to SDF *[KYODO]* 14
Plans To Introduce Plutonium Thermal Technology *[KYODO]* 14
Central Bank To Accept 10 Foreign Trainees *[KYODO]* 14
Bank Official on Rift With Germany, U.S. *[KYODO]* 15
Kaifu, Minister Discuss Political Reform *[Tokyo TV]* 15
Kaifu Urges People's Support for Reform *[KYODO]* 15
Electoral Reform Plan Draws New Districts *[KYODO]* 16
Election System Council Submits Reform Plan *[KYODO]* 16
New LDP Factional President Views Duties *[Tokyo TV]* 16
SDP's Doi Prefers Tanabe as Successor *[KYODO]* 18

North Korea

Second Day of War Remains Meeting Reported *[KCNA]* ... 18
Foreign Affairs Official Meets U.S. Senator *[KCNA]* ... 19
'National Indignation Meeting' Held 23 Jun *[KCNA]* ... 19
South Exercises, U.S. Air Exercises 20, 21 Jun *[KCNA]* ... 20
No's Remarks on Reunification Denounced *[Pyongyang Radio]* ... 20
Korean Student Committee Conference Held 24 Jun *[KCNA]* ... 21
Chang Chol Talks With PRC Cultural Delegation *[KCNA]* ... 21
Message Sent to Vietnamese Communist Party *[KCNA]* ... 21
Kim Yong-sun Meets With Japan-Korea Group *[KCNA]* ... 21
Kim Il-song's DIU 'Great Achievements' Lauded *[Pyongyang Radio]* ... 22
Vigorous Organizational, Political Work Stressed *[Pyongyang Radio]* ... 24

South Korea

Trade on Agenda for No Tae-u, Bush Meeting *[YONHAP]* ... 26
No Addresses Veterans on Unification Issue *[YONHAP]* ... 27
North Official on Improved Relations With U.S. *[YONHAP]* ... 27
Envoy on Canada's Rejection of North Overtures *[YONHAP]* ... 28
Intellectual Property Rights Meeting With EC *[YONHAP]* ... 28
Bank of Korea on Domestic, Foreign Debt *[YONHAP]* ... 29
Debate on Rice Market Opening Considered *[THE KOREA TIMES 25 Jun]* ... 29
Reserve Conscripts To Work in Factories *[YONHAP]* ... 30
Dissidents Hospitalized on 12th Day of Protest *[YONHAP]* ... 30
Prosecution Releases Figures on Election Fraud *[THE KOREA HERALD 22 Jun]* ... 31
Yi Ki-taek Refuses To Leave DP Leadership *[THE KOREA TIMES 25 Jun]* ... 31
NDP Efforts To Regroup After Election Viewed ... 31
    Opposition Parties Coalition Eyed *[YONHAP]* ... 31
    Kim Tae-chung's Resignation Sought *[YONHAP]* ... 31
    NDP Decides To Maintain Leadership *[YONHAP]* ... 32
    Opposition Party Merger 'Unlikely' *[YONHAP]* ... 32
Chon Tu-hwan's Brother, Others Paroled *[THE KOREA TIMES 25 Jun]* ... 32
Jail Terms Demanded for Suso Defendants *[THE KOREA TIMES 25 Jun]* ... 33

SOUTHEAST ASIA

Burma

Commander Criticizes Foreign Influence in Music *[Rangoon Radio]* ... 34

Cambodia

Heng Samrin Sends Greetings to CPV Congress *[SPK]* ... 34
Heng Samrin Interviewed on CPV Congress *[Phnom Penh Radio]* ... 35
Tie Banh Receives Greetings From Czechoslovia *[SPK]* ... 35
Analysts, Others View SNC Meeting Progress *[Bangkok THE NATION 25 Jun]* ... 35
VOK Reports Agreements Reached by SNC 24 Jun ... 36
VODK Commentary on Trail Construction ... 37
VONADK Reports Recruits Sent to Front ... 37
VODK Editorial Reiterates Stance on Settlement ... 37
VODK Commentary on UN Plan, SRV Pullout ... 38

Indonesia

Party May Support Suharto for Another Term *[BERITA BUANA 19 Jun]* ... 39
Commander Warns Against Development of Island
  [Singapore THE STRAITS TIMES 20 Jun] ... 39
Military Frees Alleged Separatist Group Members *[AFP]* ... 40
Investment Board Reports Investment Decline *[ANTARA]* ... 40

Laos

- Central Committee Greets Seventh CPV Congress *[Vientiane Radio]* 41
- Kaysone's Arrival, Activities in Hanoi Reported *[Vientiane Radio]* 41
- Phoumi Vongvichit Receives Burmese Monks *[Vientiane Radio]* 41
- Thailand Grants Privileges for Exported Goods *[KPL]* 41

Philippines

- Reportage on U.S. Bases Issues Continues 42
  - Navy Said Incapable of Management *[Manila Radio]* 42
  - Aquino Inspects Bases Damage *[Manila Radio]* 42
  - House Committee Head on Rent *[Quezon City Radio]* 42
  - Senator Maceda Sees Pullout *[Manila Radio]* 42
  - Manila To Conduct Assessment *[MANILA BULLETIN 23 Jun]* 42
  - Aquino Reacts to Cheney's Remark *[MALAYA 23 Jun]* 43
  - Mayor Gordon, Admiral Mercer Rift *[MALAYA 23 Jun]* 44
  - Mitra on Talks' Possible Outcome *[Manila Radio]* 44
  - Roco Proposes Talks Suspension *[Quezon City Radio]* 45
  - Fact-Finding Group Investigates *[Quezon City Radio]* 45
  - Manglapus Warns of Increased Rent *[Quezon City Radio]* 45
  - Manglapus on Negotiation Outcome *[Manila Radio]* 45
  - Aquino: No U.S. Decision Yet *[Manila Radio]* 45
  - Aquino Reportedly Firm on Terms *[PHILIPPINE DAILY INQUIRER 25 Jun]* 46
  - Clark's 'Excess Weapons' Destroyed *[Quezon City Radio]* 47
  - Ramos, Cheney To Meet in Guam *[BUSINESS WORLD 25 Jun]* 47
  - Possible U.S. Abandonment Viewed *[THE CHRONICLE 25 Jun]* 47
  - Foreign Investment Drop Result *[Quezon City Radio]* 48
- Suspension of Debt Payment During Crisis Urged *[PHILIPPINE DAILY INQUIRER 22 Jun]* 48
- Editorial Deems Antinuclear Provision Useless *[MALAYA 24 Jun]* 49
- Aquino Issues 'Extensive' Relief Work Orders *[MANILA BULLETIN 24 Jun]* 50
- De Villa Reportedly Chosen To Replace Ramos *[PHILIPPINE DAILY INQUIRER 25 Jun]* 50
- Senate Considers Bill Boosting Taiwan Ties *[THE CHRONICLE 24 Jun]* 51

Thailand

- Singapore Prime Minister Arrives, Meets Anan *[Bangkok TV]* 51
  - Discussions on ASEAN, Cambodia *[Singapore Radio]* 51
  - Intra-ASEAN Cooperation Urged *[THE NATION 25 Jun]* 52
  - Goh, Anan Dinner Speeches *[Bangkok Radio]* 52
- Anan on Establishment of Embassy in Cambodia *[Bangkok Radio]* 53
- Editorial Views Phatthaya SNC Meeting *[BANGKOK POST 25 Jun]* 53
- UN Political Settlement for Cambodia Considered *[THE NATION 22 Jun]* 54
- Industry Minister Meets DPRK Trade Minister *[Bangkok Radio]* 55
- Fishing Boats Released, Vietnamese Piracy Curbed *[BAN MUANG 25 Jun]* 55
- Espionage Ruled Out in Soviet Air Intrusion *[THE NATION 25 Jun]* 56
- Textile Talks With U.S. Begin in Phuket *[BANGKOK POST 25 Jun]* 56
- Amaret Seeks Japanese Help on Trade Deficits *[Radio VOFA]* 57
- Central Bank To Ease Tight Money Situation *[THE NATION 25 Jun]* 57

Vietnam

- Foreign Minister Welcomes Cambodian Cease-Fire *[AFP]* 58
- Economist on Increasing Foreign Investment *[AFP]* 58
- Conference on Broadcasting Development Opens *[VNA]* 59

AUSTRALASIA

Papua New Guinea

- Alleged Misuse of Australian Helicopters Reported *[Melbourne International]* 60
  - Army Commander Suspended *[Melbourne International]* 60
  - Government Fears Commander *[AFP]* 60
- Government To Send Protest to Solomon Islands *[Melbourne International]* 61

Cambodian SNC Meeting Continues

Cease-Fire Agreed Upon on Eve of Meeting

BK2406134691 Phnom Penh SPK in French 1203 GMT 24 Jun 91

[Text] Phnom Penh, 24 Jun (SPK)—The State of Cambodia and the Coalition Government of Democratic Kampuchea agreed on an unlimited cease-fire on the eve of the Supreme National Council (SNC) meeting, reports an SPK correspondent in Phatthaya, Thailand.

"We accept a permanent cease-fire, without a time limit, boundary, or space limit," affirmed Prince Sihanouk during a press conference held in Bangkok on Sunday, 23 June.

"The cease-fire was approved by everybody. We can say that there is no more war in Cambodia, at least on paper, and I hope it will be on the ground, too," stressed Prince Sihanouk.

Concerning the UN peace plan, Prince Sihanouk said that "it is difficult to implement it in full and immediately."

Sihanouk proposed that the plan use as a guideline what is possible by consensus and take into account the situation in Cambodia.

"We will settle and solve parts of the plan that we can and go step by step toward a comprehensive settlement," declared the prince.

Asked if all factions had agreed to UN supervision of the cease-fire, Prince Sihanouk said: "Yes, but what remains to be seen is the position of Democratic Kampuchea."

Further on 24 Jun Phatthaya Meeting

BK2406132091 Bangkok Radio Thailand Network in Thai 1200 GMT 24 Jun 91

[Text] The meeting of the Supreme National Council [SNC] was held today at the Royal Cliff Hotel, Phatthaya. Prince Norodom Sihanouk, who chaired the meeting, said to the participants that he was impressed with the Thai Government's cooperation and assistance which enabled the meeting to proceed well. As a result, he asked the SNC members to work together to seek effective solutions to their problem in order to restore peace and reconstruct their country.

Prince Sihanouk said the cease-fire was a major issue because it would lead to a general election which would determine the future of the Cambodian people in their national administration.

Speaking to correspondents after the morning session of the SNC, Prince Sihanouk said the meeting achieved progress in several areas. That is, the meeting decided that Sihanouk would hold the chairmanship of the SNC and agreed to institute a cease-fire from today, to refrain from acceptance of foreign military assistance, and to allow the United Nations to monitor and verify the cease- fire. The meeting also agreed in principle for Prince Sihanouk to lead a Cambodian delegation to the upcoming UN General Assembly. The meeting discussed the SNC flag and anthem, and it was resolved that the various factions would maintain their individual flags and anthems until the general elections. The proposal on the best permanent site of the SNC was still being considered.

Results of Meeting Reported

BK2406133491 Bangkok Radio Thailand Network in Thai 1200 GMT 24 Jun 91

[Statement to correspondents by Sarot Chawanawirat, director of the Political Department, given on 24 June—recorded]

[Text] [in progress] ...regarding the outcome of this morning's meeting of the Supreme National Council [SNC], Prince Sihanouk already gave a report on it in English. Thailand merely provided conveniences for the current meeting, we do not participate in the meeting.

In short, this morning's meeting reached an agreement on four points. First, the SNC meeting agreed that Prince Sihanouk will be the person to convene and chair future SNC meetings. Second, it was agreed today that there would be an SNC flag and anthem, but the factions which already had their own flags and anthems would be allowed to maintain them until the elections. Third, there would be a cease-fire with no limit on time or space, and all factions will try to stop foreign military assistance. Both of these matters will begin today. Their form and method will be supervised by the United Nations and will be further discussed at this meeting and future meetings. The last issue agreed upon by the meeting was that Prince Sihanouk will be the head of the SNC delegation to future UN meetings.

Sihanouk 'Dashed Hopes'

BK2406143691 Hong Kong AFP in English 1426 GMT 24 Jun 91

[By Erskine McCullough]

[Text] Phatthaya, Thailand, June 24 (AFP)—Prince Norodom Sihanouk dashed hopes of major progress towards a peace settlement in Cambodia here Monday announcing that the guerrillas and Phnom Penh were in total disagreement over a United Nations peace plan.

Emerging from the second session of the Supreme National Council (SNC), which opened here Monday, the 68-year-old prince said fundamental differences between the two sides remained over the plan. But despite the prince's pessimism, diplomats, who were briefed privately on this afternoon's talks, said the bid for a comprehensive peace plan remained on course and there was no need for concern.

Their opinion was supported by Phnom Penh Foreign Minister Hor Namhong who said after the session: "There must be some misunderstanding. (Cambodian) Prime Minister Hun Sen does not reject the United Nations plan. He does not totally accept it and wants to discuss the points where there is disagreement."

Earlier Prince Sihanouk said Mr. Hun Sen did not accept and "would not accept" the U.N. plan worked out by the five permanent members of the Security Council—Britain, China, France, the Soviet Union and the United States. He added that unless the plan was implemented in full the U.N. would not send teams to help monitor the unlimited ceasefire which came into operation early Monday.

"We will instead have to use self-control if the ceasefire is to continue," said the prince, adding he did not see any solution to the division between the two sides.

"I don't expect anything. One half of the SNC is against so finally we have to solve the problems of the ceasefire alone without the 'perm five' (permanent five members)," he said. But sources close to the discussions said the atmosphere remained good between the two sides and were convinced that a formula would be found to monitor the ceasefire.

The prince's mood was in sharp contrast to his upbeat tone Monday morning as the talks began. In his opening remarks to the SNC he painted a glowing picture of a new and prosperous Cambodia, run under a Western style liberal economic system.

He told the delegates, made up of two members each from the three-member guerrilla coalition and six members from the Phnom Penh government, that thanks to them peace had been re-established in Cambodia.

"After more than 12 years of war national reconciliation is achieved and an unlimited ceasefire is declared in the whole of our country," he said.

Outlining his vision for the future the former monarch said: "With a liberal economic system 'Western style' our people and our country shall become a developed and prosperous country. A liberal parliamentary democracy shall in the near future establish its roots in Cambodia, beginning in a year or two, with general elections."

The morning session ended on a positive note when it was announced that all sides had formally agreed on the ceasefire and the end of foreign military shipments to the factions.

China is the key arms supplier to the Khmer Rouge, the military backbone of the guerrillas. The Cambodian Government gets the bulk of its Soviet-made weapons from Hanoi. The linking of the ceasefire and the end of outside military aid was seen here by observers as a concession by the Khmer Rouge who in the past have constantly been opposed to such a move.

The thorny problem of leadership of the SNC was skirted by appointing Prince Sihanouk the "de-facto" chairman.

Khmer Rouge Position Detailed

BK2506075891 Hong Kong AFP in English 0707 GMT 25 Jun 91

[By Charles-Antoine de Nerciat]

[Text] Phatthaya, Thailand, June 25 (AFP)—The powerful Khmer Rouge, under heavy pressure to compromise in Cambodian peace negotiations, delayed planned discussions here Tuesday to work out possible concessions, sources familiar with the talks said.

There were growing signs, the sources said, that nominal resistance leader Prince Norodom Sihanouk was distancing himself from the rigid stance taken by Cambodia's former Marxist rulers.

Among sticking points on which the Khmer Rouge has so far refused to give ground are the implementation of a United Nations peace plan and international verification of Cambodia's cease-fire, the sources said.

Another key issue dividing the Beijing-backed Khmer Rouge and the pro-Vietnamese Cambodian Government is where to base the headquarters of Cambodia's Supreme National Council (SNC), they said.

As Khmer Rouge delegates here spent the morning in their rooms for rushed consultations among themselves, its two non-communist allies—deposed monarch Prince Sihanouk and former Premier Son Sann—and Cambodian Premier Hun Sen met informally.

"There are many important issues to discuss among ourselves before we return to the conference room," a Khmer Rouge official said without elaborating.

"It's more than likely they are taking a good look to which areas they can offer concessions if they don't want to end up finding themselves being isolated," a non-communist Cambodian source said.

As he went into the meeting room before the Khmer Rouge cancellation, Prince Sihanouk told reporters, "there will be hot discussions ahead."

The prince, who is chairing a three-day meeting of the SNC that opened on Monday in this Thai seaside resort, pointed to broad differences among the factions over the UN plan.

After early breakthroughs led to the permanent cease-fire to end hostilities in Cambodia's 12-year-old war and a cessation of foreign military aid, the factions are now to work out how the cease-fire should be enforced, an issue directly connected with the United Nations' role in the peace process, the sources said.

The sources said Monday's session ended with what was described as "tension" between Prince Sihanouk and the Khmer Rouge's chief representative here, Khieu Samphan.

They said the mood cast new light on Prince Sihanouk's remarks Monday when he said it would be impossible to narrow fundamental differences between the Khmer Rouge and Mr. Hun Sen on the UN plan.

The prince, who earlier this month said he was to visit Phnom Penh at the invitation of Mr. Hun Sen, was in effect warning the Khmer Rouge that its demand for full implementation of the plan would be unworkable, one source indicated.

The Khmer Rouge wants full acceptance of the blueprint, put together by the five permanent members of the UN Security Council—Britain, China, France, the Soviet

Union and the United States—accepted because it sees it as an instrument for driving the Phnom Penh regime from power.

The Cambodian Government has insisted that the plan be changed to allow its administration and armed forces to remain intact.

Diplomats monitoring the talks said Mr. Hun Sen's response to Prince Sihanouk's Monday remarks was low-key.

"We have never said that we rejected the UN peace plan," the Cambodian leader said Tuesday.

He added that his government accepted the framework of the plan but that details were to be worked out before an agreement could be reached.

Meanwhile, Rafiuddin Ahmed, a top UN official, said the world organization could rapidly provide assistance, including "military observers" to monitor the cease-fire.

"Limited assistance" for a monitoring mechanism could be set up before a final peace agreement, but it would have to receive the green light from the Security Council, he said.

SPK Lists Decisions

BK2506065691 Phnom Penh SPK in English 0505 GMT 25 Jun 91

[Text] Phnom Penh SPK June 25—The June 24 afternoon session of the SNC, with Prince Norodom Sihanouk in the chair, issued the following statement:

The SNC of Cambodia met in Phatthaya, Thailand on the afternoon of 24 June 1991 under the chairmanship of Samdech Norodom Sihanouk and unanimously adopted the following points pending the examination of other points required in the agenda:

1) Samdech Norodom Sihanouk is requested to write on benalf of the SNC to the UN secretary general for the inclusion of the Angkor complex in the UNESCO as a world heritage.

—to the executive agent of the Mekong Interim Committee for the resumption of membership to the National Mekong Committee of Cambodia. —to the World Bank and the International Monetary Fund for the invitation of an SNC delegation to the next meeting of the World Bank and the IMF in Bangkok, Thailand.

—to the secretary general of the UN asking for humanitarian aid and assistance for the vocational training of Cambodians.

2) The SNC is to set up a Secretariat.

Details Published

BK2506012991 Bangkok THE NATION in English 25 Jun 91 p A1

[Text] Cambodia's Supreme National Council agreed "unanimously" yesterday to implement an "unlimited cease-fire," and to stop receiving foreign military assistance starting yesterday but left unsettled the thorny issues of UN verification of the ceasefire and the UN peace plan for the war-torn country.

The council, which comprises members of all four Cambodian factions, agreed that the United nations must be invited to verify the ceasefire, but exactly how much power the international body would be given in Cambodia would have to be discussed in further sessions of the SNC, according to resistance leader Prince Norodom Sihanouk.

As an interim solution, Sihanouk said he had proposed that the council invite "friendly countries" to oversee implementation of the ceasefire, while the Khmer Rouge and the Phnom Penh government tabled their own proposals.

The SNC began its three-day meeting here yesterday to resolve the immediate issues of a ceasefire, a cessation of external arms aid and the role of the United nations in Camboda while a peace settlement is implemented.

In an apparent breakthrough on the contentious issue of the leadership of the SNC, Sihanouk announced upon emerging from the meeting that the council had "unanimously" endorsed him as "convener and president" of its future meetings and as a head of the SNC delegation to the UN General Assembly. The meeting also adopted a common flag and national anthem.

However, the most problematic issue still seemed yesterday to be that of the peace plan drawn up by the five permanent members of the UN Security Council.

Sihanouk said that while the tripartite resistance coalition agreed with the plan in full, Phnom Penh Prime Minister Hun Sen had flatly rejected it.

"It appears that Prime Minister Hun Sen will continue not to accept the whole plan. He let me know that he did not, does not and will not accept it," the prince said. "I do not think we will be able to implement the plan."

Sihanouk's statement surprised the diplomatic corps here as well as the Phnom Penh delegation.

Phnom Penh Foreign Minister Hor Namhong, one of the 12 SNC members, expressed surprise and said: "Hun Sen never said he rejected the UN peace plan."

Looking stern after Sihanouk's statement about his position, Hun Sen declined to speak to reporters, only saying he would clarify his stand today.

Sihanouk quoted Hun Sen as saying that "We are a sovereign country, we have to solve our problems as sovereign people."

Confirming an agreement announced on Sunday by Sihanouk, the council agreed to a ceasefire without any time or space limit, the prince said. In addition, it was agreed that the four factions would stop receiving outside military aid starting yesterday.

Until outside verification is agreed upon, the SNC will oversee the ceasefire itself, Sihanouk said.

Pending an agreement on the UN role, the prince proposed that friendly countries act as "advisers to help us implement the decisions" on a ceasefire and the end to foreign military aid.

The Khmer Rouge in the meantime proposed that "700 UN personnel be sent as a first step" to supervise the agreement, while Phnom Penh proposed a "Cambodian committee" do the job.

The issue of monitoring the ceasefire will be discussed today, according to Cambodian delegates.

The prince said the 12 SNC members are also to meet unofficially with representatives of Indonesia and France and UN special envoy Rafiudin Ahmed on Thursday in an effort to see that the factions, especially Phnom Penh, accept the full framework of the UN peace document.

Sihanouk quoted Rafiudin as saying that "unless the SNC adopted the implementation of the UN peace plan in full and not step-by-step or partially, (the Cambodians) will not get any aid from the UN or the (permanent members of the Security Council)."

Apparently putting further pressure on Hun Sen, Sihanouk said Indonesia, France, the Security Council, and the UN secretary general all wanted the "SNC not to reject the plan and not to implement the policy step-by-step," but to accept it in a full, comprehensive manner.

Morning Meeting Canceled; Khieu Samphan Absent

BK2506040391 Hong Kong AFP in English 0402 GMT 25 Jun 91

[Text] Phatthaya, Thailand, June 25 (AFP)—A planned meeting of Cambodia's warring factions was called off here Tuesday morning.

The two non-communist guerrilla leaders and Phnom Penh Prime Minister Hun Sen all arrived for the meeting of the Supreme National Council (SNC), but Khmer Rouge leader Khieu Samphan stayed in his hotel room.

Sources said the afternoon session would go ahead but there was no official confirmation.

Despite the absence of the Khmer Rouge, the other three factions held private discussions in the conference room.

Earlier, Prince Norodom Sihanouk had warned that the talks aimed at finding a permanent peace for Cambodia were at a delicate stage.

"There are differences between the resistance side and the Hun Sen side. It is very delicate. There will be hot discussions ahead," said the former monarch.

Claims on Monday evening by the prince that the Phnom Penh Government had rejected a peace plan proposed by the United Nations was denied by Mr. Hun Sen when he arrived here this morning.

"We have never said we have rejected the UN peace plan," he announced.

Mr. Hun Sen added that his government accepted the framework of the UN plan but there were still certain details to be worked out before an agreement could be reached.

"We would like to reach a comprehensive solution. We are proceeding towards the final objective," he said.

UN Representative Comments on Meeting

BK2506072191 Bangkok Radio Thailand Network in Thai 0530 GMT 25 Jun 91

[Text] The meeting of the Supreme National Council of Camboida [SNC] entered its second day this morning. The meeting, which began at 1000, discussed the UN peace plan on a cease-fire and the cease-fire monitoring before a general election. There were still some difference on these issues between Prince Norodom Sihanouk and Mr. Hun Sen.

However, special UN representative Rafiuddin Ahemd, who is attending the meeting as an observer, told reporters that major points of the peace plan under the framework of United Nations had been accepted by the SNC members. There is no agreement on only 20 percent of the plan. He thought that the SNC members would try to solve the differences during the meeting.

Khmer Rouge Agress to Phnom Penh Talks

BK2506125491 Hong Kong AFP in English 1245 GMT 25 Jun 91

[By Charles-Antoine de Nerciat]

[Text] Phatthaya, Thailand, June 25 (AFP)—The Khmer Rouge has agreed to go to Phnom Penh for peace talks, but only under international guarantees, sources close to the Cambodian negotiations here said Tuesday.

They said the Khmer Rouge is willing to have meetings of the Supreme National Council (SNC) in Phnom Penh on an alternating basis, with members of the five permanent members of the U.N. Security Council present in the capital.

If the proposal is accepted by the Phnom Penh government, it would mark the first time that the Khmer Rouge will go to the Cambodian capital since it was driven from power in January 1979 by a Vietnamese invasion.

The SNC has been meeting here since Monday, and part of its discussions have centered on a site for a permanent headquarters.

Suggested venues included Phnom Penh, the former Cambodian Embassy in Bangkok, and guerrilla-held locations in areas along in Cambodia's border with Thailand, the sources said.

Cambodian Premier Hun Sen proposed Phnom Penh as a site on Monday, but the Khmer Rouge replied that it wanted to alternate SNC meetings between Phnom Penh and guerrilla-held areas such as Pailin, the gem-mining center under its control in northwest Cambodia.

Reasons for the Khmer Rouge position, diplomats said, included concern for the safety of its officials in Phnom Penh. Hundreds of thousands of Cambodians died during the Beijing-backed radical group's four year reign of terror that ended with its ouster in 1979. Another reason, the diplomats noted, was to ensure that further Cambodia peace talks remain firmly under the auspices of the United Nations.

The Khmer Rouge has demanded full implementation of a U.N. peace plan for Cambodia, as it sees it as an instrument to remove the Vietnamese-backed Phnom Penh regime. But Phnom Penh wants the blueprint changed to allow it to remain in power until elections are held in Cambodia.

The Khmer Rouge proposal calls for SNC meetings in Phnom Penh to include an permanent international presence made up of representatives of the five permanent members of the U.N. Security Council—Britain, China, France, the United States and the Soviet Union, the sources said.

Under the Khmer Rouge proposal, SNC meetings would also be held in the presence of observers of France and Indonesia in their role as co-chairs of the Paris International Conference on Cambodia, the sources said. The Khmer Rouge has also said it wants to have its own security forces guarding the compound where its delegation would stay in Phnom Penh.

Hun Sen Clarifies UN Peace Plan Stand

BK2506121991 Phnom Penh SPK in English 1140 GMT 25 Jun 91

[Text] Phatthaya, SPK, June 25—Prime Minister Hun Sen announced here today: "We have never said that we have rejected the peace plan prepared by the five permanent members of the UN Security Council."

He said: "We already accepted the August 28, 1990 framework- document in Jakarta on September 10, 1990.

As far as the agreements of November 26, 1990 are concerned, the final communique which was issued at the end of the meeting between the SNC members and the PICC [Paris International Conference on Cambodia] cochairmen in Paris from February 21-23, 1990, has clearly stressed that: As regards the draft agreements of 26 November last, there was concurrence in most of the fundamental points. The remaining questions will be further discussed at the Coordinating Committee and among members of the SNC, taking into account the views expressed by the SNC members."

The clarifications are made after the claim on Monday evening by Prince Norodom Sihanouk that the Phnom Penh government rejected the peace plan proposed by the United Nations.

Japan

Bank Governor Comments After G-7 Meeting

OW2506063891 Tokyo KYODO in English 0611 GMT 25 Jun 91

[Text] Tokyo, June 25 KYODO—Bank of Japan Governor Yasushi Mieno Tuesday said the present tight credit policy would not damage the domestic economy.

Mieno, fresh from Sunday's economic meeting of the Group of Seven (G-7) Western monetary powers in London, said at a news conference there would be no change in the bank's monetary policy.

He said money supply still remains high, so corporations have enough funds.

The G-7 meeting brought no remarkable change in world economic policy because the finance ministers and central bankers at the session reaffirmed their determination to preserve coordination in tackling financial problems, he said.

The meeting participants agreed it is necessary to correct the value of the U.S. dollar, which has risen close to its ceiling, Mieno noted.

Mieno also said it is highly regrettable that major brokerages engaged in practices that damaged public trust in financial markets.

He was referring to recent revelations that four leading brokerages were involved in improper activities, such as compensating large customers for losses.

Cites Finance Minister's Remarks

OW2506073791 Tokyo KYODO in English 0704 GMT 25 Jun 91

[Text] Tokyo, June 25 KYODO—Bank of Japan [BOJ] Governor Yasushi Mieno said Tuesday recent remarks by Finance Minister Ryutaro Hashimoto that the dollar is nearing its ceiling reflected the overall perception at Sunday's Group of Seven (G-7) meeting.

"I believe the finance minister's remarks referred to the process of the discussions at the meeting," Mieno said at his first press conference since returning from the London meeting of G-7 finance ministers and central bankers.

Hashimoto's remarks reflected the "atmosphere" at the meeting, he said.

Mieno also said the G-7 communique released after the meeting was fully in line with the outcome of the previous meeting in Washington last April.

Hashimoto said at a press conference immediately after the G-7 meeting that the dollar is coming close to its peak. He said the G- 7 ministers shared that perception at a press conference after the meeting.

U.S. Treasury Secretary Nicholas Brady, however, has said the exchange market is moving in an orderly fashion.

At Tuesday's press conference, the Japanese central banker repeated his pet phrase, "we will continue watching the effect of our monetary policy in penetrating the market."

He said there will be no change in Japan's monetary stance for the time being. Mieno described the Japanese economy as gradually slowing, but still strong.

He said the growth figure for the January-March period, which showed an annual 11.2 percent expansion of the economy, was caused by several "special factors," and does not mirror the overall trend.

"There are no symptoms that point to any credit crunch," Mieno said, arguing the money supply is still high, although the tempo of growth is slowing.

Growth in broadly defined money supply—M2 plus certificates of deposits—continued to slow in May, posting a 3.5 percent rise from a year earlier.

"I know there are concerns about an overkill in the money market, but neither the level of corporate liquidity nor the diffusion index spells a tightening money market," he said.

He said the slowing of growth in the money supply had been the central bank's aim and he is glad to see it.

Commenting on macroeconomic conditions, Mieno said a slight positive perception of the economy is growing among major countries.

"There are signs that the economy is recovering in some recession-gripped countries, and that inflation has been dropped a bit" since the previous G-7 meeting in April, he said.

On the domestic front, Mieno said he deeply regrets that major brokerages, important players in the financial market, acted in a way that marred the fairness and trustworthiness of the market.

"I would like to admonish securities firms" not to repeat the actions, Mieno said and he urged them to mend their ways.

Kaifu Reacts to Stock Exchange Scandal

OW2506081191 Tokyo KYODO in English 0733 GMT 25 Jun 91

[Text] Tokyo, June 25 KYODO—Prime Minister Toshiki Kaifu told Finance Minister Ryutaro Hashimoto on Tuesday to deal sternly with the scandal involving major securities companies, officials said.

Kaifu also instructed Hashimoto to have the Finance Ministry officially investigate the Japanese securities industry and tighten controls.

Hashimoto on Tuesday formally reported to Kaifu that Japan's "big four" securities companies compensated major investors for their stock trading losses and that Nomura Securities Co. and Nikko Securities Co. had financial dealings with a key underworld figure.

Officials at the Finance Ministry's securities bureau said they expect Nomura and Nikko to take disciplinary action against employees who were involved in the companies' ties with the underworld figure.

Japan's securities and exchange law forbids brokerages from wooing investors with the promise that they will compensate them for losses. Paying compensation runs counter to a Finance Ministry directive.

Although dealings with members of the underworld are not illegal under the securities and exchange law, they affect public trust in the industry, the officials said.

Hashimoto told a press conference that government measures to crack down on questionable dealings by brokerages should not be affected by how foreign countries view the scandal.

"The real problem is that the unfair conditions existed in the Japanese securities market," the finance minister said. "And Japan should tackle the problem for its own good."

The uproar led the presidents of Nomura and Nikko, Japan's largest and third-largest brokerage houses, to announce their resignations on Monday.

The Finance Ministry is expected to issue a directive this weekend, calling on securities companies to tighten their in-house inspections of securities trading and to prevent a recurrence of questionable practices.

But Japanese securities companies, meanwhile, are already moving to tighten in-house controls.

The leading securities companies say that to repair the industry's tainted image, they are promoting personnel training and tightening their inspections of securities trading.

Nomura said it is reviewing its in-house inspection system for securities trading and tightening personnel discipline.

Atsuo Miki, vice president of Yamaichi Securities Co., said his company also will strengthen in-house inspection on securities trading and training for all personnel.

Kichiro Takao, named Monday as Nikko's new president, urged the company's employees in an in-house broadcast to do their best to restore customer confidence in the company.

But industry sources said it is not easy to cut ties with the underworld, because it is sometimes difficult to identify members of criminal organizations.

In the absence of clear laws on the subject, there are also questions over banning syndicate members from securities trading, the sources said.

Some company officials have suggested that the industry compile a database on mobsters, but others doubt if such a move would be a practical solution.

Other sources noted that Japan does not have an organization with strong regulatory power comparable to the U.S. Securities and Exchange Commission (SEC).

Finance Minister Remarks

OW2506033291 Tokyo KYODO in English 0312 GMT 25 Jun 91

[Text] Tokyo, June 25 KYODO—Finance Minister Ryutaro Hashimoto said Tuesday that Japan must rectify "the unfair conditions" in the Japanese stock market for the good of the country—not for the sake of its international reputation.

Hashimoto told a press conference after a regular Cabinet meeting that government measures to crack down on questionable dealings by brokerages should not be affected by how foreign countries view Japan's latest stock scandal.

The government is considering how to respond to revelations that the country's "big four" securities companies compensated major investors for stock losses. Also revealed was that two of the companies—Nomura Securities Co. and Nikko Securities Co.—had financial dealings with a key underworld figure.

"The real problem is that the unfair conditions existed in the Japanese securities market," the finance minister said. "And Japan should tackle the problem for its own good."

The uproar led the presidents of Nomura and Nikko, Japan's largest and third-largest brokerage houses, to announce their resignations on Monday.

Hashimoto said that Prime Minister Toshiki Kaifu told him earlier Tuesday morning to deal sternly with the problem, giving full consideration to general investors.

Japan's Securities and Exchange Law forbids wooing investors with the promise that stock losses will be compensated by the brokerage. Paying any compensation runs counter to a Finance Ministry directive.

Police: Sagawa Firm Connected to Yakuza

OW2506075591 Tokyo KYODO in English 0708 GMT 25 Jun 91

[Excerpt] Tokyo, June 25 KYODO—Police revealed Tuesday that three affiliates of the leading parcel delivery service, Sagawa Express Co., were allegedly involved in loans to a company connected to one of Japan's biggest gangster organizations.

The report came in the wake of the resignations Monday of the presidents of Nikko Securities Co. and Nomura Securities Co. because their subsidiaries made loans to companies affiliated with the same Yakuza organization, Inagawakai.

According to Hyogo Prefecture Police, the three Sagawa group companies paid about 820 million yen to finance an trading house and investment company, called West Tsusho, allegedly controlled by Inagawakai.

The three Sagawa group involved are Tokyo Sagawa Kyubin Co. and its two subsidiaries.

Although Tokyo Sagawa lent 200 million yen to West Tsusho, company officials did not know how the money was to be used, said Jun Saotome, an executive director of Tokyo Sagawa. Saotome also is president of the other two companies implicated, Hokuto Kaihatsu and Utopia Shuzenji, both golf course developers. [passage omitted]

More on USSR Invitation To Observe Exercises

OW2506094291 Tokyo KYODO in English 0926 GMT 25 Jun 91

[Text] Tokyo, June 25 KYODO—Japan will likely decline Moscow's invitation to send observers to Soviet Pacific fleet naval exercises in the north Pacific on August 14-16, a Foreign Ministry spokesman said Tuesday.

Spokesman Taizo Watanabe told a news conference for foreign correspondents that Japan has received an invitation to observe the exercises, but sees no compelling reason to accept it.

Noting Japan declined a similar invitation extended by Moscow two years ago because "we just didn't see any positive reason to accept (it)," Watanabe added, "we just don't see any new situation arising yet."

Foreign Ministry sources said Watanabe was indicating the Soviet Union's "new thinking" diplomacy has yet to bring about the necessary degree of qualitative change in its military posture in the Asia-Pacific region.

But the sources stressed a final decision on whether to send observers to this year's exercises depends on consultations between the Foreign Ministry and the Defense Agency. They said the United States will also be consulted.

Soviet President Mikhail Gorbachev announced the plan to invite military observers from various countries to watch the exercises in his speech to the Diet on April 17. Japan subsequently received an invitation dated June 5, sources said.

Vitaliy I. Churkin, head of the Soviet Foreign Ministry's Information Directorate, reportedly said in Moscow on Monday that the Soviet Union would be greatly disappointed if Japan does not accept its latest invitation.

Churkin noted it would be ironic for Japan to turn down such a confidence-building measure as it has repeatedly called on Moscow to demonstrate its new stance in the Asia-Pacific region.

Asked for a response to Churkin's remarks, Watanabe said as nothing has formally been decided on the issue yet, "whatever Mr. Churkin has said is not based on our formal reply."

Agriculture Minister Remarks on Rice, Talks

OW2506091591 Tokyo KYODO in English 0854 GMT 25 Jun 91

[Text] Tokyo, June 25 KYODO—Agriculture, Forestry, and Fisheries Minister Motoji Kondo said Tuesday that opening Japan's rice market would not serve as a catalyst for progressing the stalled global trade talks.

"I don't think Japan can take the initiative at the trade talks by making concessions on the rice issue," Kondo told a luncheon meeting. "Rice cannot play so big a role in the talks nor can it be so large an obstacle to them."

Even if Japan agrees to import rice, the European Community (EC) is too stubborn to give in to U.S. pressure to liberalize its farm trade policy, he said.

In addition, Japan does not need to budge on the rice issue when its farm market is already more open than that of any other major country, Kondo said.

His remarks come as Washington is mounting a campaign to prod Japan into letting in foreign rice, which it believes will help push the EC into compromising on farm issues.

Agricultural trade is the biggest stumbling block at the ongoing Uruguay Round of multilateral trade talks, held under the General Agreement on Tariffs and Trade (GATT).

Commenting on the recent flurry of comments by Japan's most influential politicians favoring opening of the country's highly protected rice market, Kondo said these people wrongly believe Japanese concessions on rice may help resolve the GATT talks.

"And their worries that Japan's failure to import foreign rice will hurt its relations with Washington are groundless, as the U.S. has agreed to discuss the rice issue at multilateral negotiations, not bilaterally," he added.

Since late May, there have been growing calls for an end to Japan's long-standing ban on rice imports from Japanese politicians and business leaders, including Shin Kanemaru, the behind-the-scenes kingmaker of the governing Liberal Democratic Party (LDP).

Kondo denied press reports earlier this month that even he himself backed partial opening of the rice market.

Asked about the prospect of the Uruguay Round, the farm minister said it will not be unrealistic to think the negotiations can be concluded by the end of the year.

"Once the points of disputes become clear, it might not take so much time for parties concerned to make concessions," he said. "I am keenly watching how things are developing."

Spokesman on Progress in Cambodian Peace Talks

OW2506101291 Tokyo KYODO in English 0959 GMT 25 Jun 91

[Text] Tokyo, June 25 KYODO—Japan welcomes the progress achieved among the four warring Cambodian factions at talks under way in Thailand, a Foreign Ministry spokesman said Tuesday.

"We would like to welcome the fact that the talks ... have become active for the first time ... and produced concrete results," spokesman Taizo Watanabe said.

Watanabe was referring to Monday's opening session of the 12-member Supreme National Council [SNC] in the Thai beach resort of Phatthaya. The meeting is to end Wednesday.

At the opening session, the four parties represented on the SNC reached agreement on a ceasefire in the Cambodian civil war and an end to arms supplies from foreign countries.

Resistance leader Prince Norodom Sihanouk was officially confirmed as the convener and chairman of further SNC meetings and was selected to lead the Cambodian delegation to the opening of the United Nations General Assembly session in September.

Monday's session also saw an agreement on a common flag and national anthem for Cambodia.

Foreign Ministry sources said Japan has not yet had time to thoroughly analyze Sihanouk's remark in Phatthaya that the SNC invites "friendly countries willing to come as advisers to help us implement our decisions for an unlimited ceasefire with cessation of arms supplies."

But they noted that Japan has been actively engaged in the Cambodian peace process and plans to continue its efforts toward a comprehensive settlement to the 12-year conflict.

The sources said Japan welcomes Sihanouk's plan for Cambodia to be represented by the SNC at the United Nations and at a meeting of the International Monetary Fund and the World Bank in Bangkok next October.

Polish Prime Minister Arrives on Visit 22 Jun

LD2206223691 Warsaw TVP Television Network in Polish 2035 GMT 22 Jun 91

[Text] Prime Minister Jan Krzysztof Bielecki has begun an unofficial visit to Japan. The chairman of the Council of Ministers arrived in Tokyo this evening. During the visit, he will meet Prime Minister Kaifu as well as parliamentarians and representatives of economic circles. Before his departure for Tokyo Prime Minister Bielecki spoke to journalists at a news conference in Seoul. He appealed to businessmen to increase foreign investment in Poland, and stressed that our country has been successful in going over to a market economy.

Urges Stronger Ties, Investment

OW2406140691 Tokyo KYODO in English 1205 GMT 24 Jun 91

[Text] Tokyo, June 24 KYODO—Japan will continue extending financial and technical assistance to Poland to support its reform efforts, Prime Minister Toshiki Kaifu told Polish Prime Minister Jan Krzysztof Bielecki on Monday.

Foreign Ministry officials said Kaifu pledged further Japanese technical aid to Poland and financial assistance through international financial institutions such as the World Bank and the European Bank for Reconstruction and Development (EBRD).

But Kaifu reportedly indicated that Japan only reluctantly went along with an agreement between Poland and its Western government creditors last April to halve Poland's 31 billion dollar official debt.

He said Japan considered the move a "special case" taken out of consideration of the need for international cooperation.

The Japanese Government, which argued last April a reduction of principal would set a bad example, agreed only to reduce interest rates and extend the repayment period on the 1.2 billion dollars owed by Warsaw.

Bielecki, who arrived last Saturday on a four-day unofficial visit, said Poland is placing particular importance on its relations with the United States and Germany among the major industrialized nations of the West, but also wants strengthened ties with Japan.

Japanese officials said the 40-year-old premier expressed a hope that massive Western assistance being contemplated for the Soviet Union will not have a negative effect on Polish export opportunities.

The officials quoted Bielecki as telling Kaifu that Poland wants an increased amount of Japanese direct investment in his country.

Kaifu replied he hopes Japan and Poland will be able to conclude as early as possible an agreement on investment protection, now under negotiation.

The Japanese leader asked Bielecki to ensure future Japanese investors in Poland are given treatment equal to European investors, they said.

He also urged Poland to ensure its prospective associate status with the European Community (EC), also under negotiation, will be realized in line with rules of the General Agreement on Tarrifs and Trade (GATT).

Bielecki is the first Polish leader to visit Japan after Warsaw began accelerating its democratization and reform program in early 1989. His arrival here was preceded by a three-day official visit to South Korea.

Holds Meetings, Interviews 24 Jun

LD2506001691 Warsaw PAP in English 1538 GMT 24 Jun 91

[Text] Tokyo, June 24—Polish Premier Jan Krzysztof Bielecki, continuing his unofficial visit to Japan, held on Monday a number of meetings with Japanese leaders, representatives of economic and parliamentary circles.

The premier held talks with Japanese Premier Toshiki Kaifu, Minister of Foreign Trade Eiichi Nakao, Vice-President of the Japan Federation of Economic Organizations (Keidanren) Toshikuni Yahiro, with former Chairman of the Industrial Bank of Japan Kisaburo Ikeura and with other representatives of the financial circles as well as with deputy speakers of the House of Councillors and House of Representatives—Kiichi Murayama and Ippei Koyama.

The premier also granted interviews to representatives of the "JIJI PRESS" Agency, the NHK TV network and NIHON KEIZAI SHIMBUN daily.

Premier Bielecki will conclude his visit to Japan on Tuesday.

Premier Toshiki Kaifu meeting on Monday with Polish Premier Bielecki said that Japan supports changes taking place in Poland but refuses to additionally reduce Poland's debt, French Agency AFP reported.

Premier Kaifu assured Bielecki that Japan would continue to extend technological and financial assistance to Poland, official Japanese sources said after the meeting.

The Polish and Japanese prime ministers reached agreement on the financing of specific economic ventures in Poland from the 500-million-U.S.-dollar credit of the Export-Import Bank of Japan which had been promised by Premier Toshiki Kaifu during his visit to Warsaw last year.

Japanese Minister of Foreign Trade and Industry Eiichi Nakao said Tokyo had to submit to the Paris Club decision on the reduction of the Polish debt but stressed that Poland should not count on any new Japanese credit lines as Japan generally opposed debt reductions.

During his meeting with his Japanese counterpart Toshiki Kaifu, Polish Premier Jan Krzysztof Bielecki referred to the forthcoming G-7 summit meeting in London and stressed that Poland was interested in the channelling of a part of possible aid for the Soviet Union for the financing of Polish deliveries to the USSR. The Polish premier also spoke about problems Poland was facing following the collapse of trade with the Soviet Union

The Japanese prime minister highly assessed Poland's consistency in the implementation of economic reforms. He praised Poland's reaching food self-sufficency and supported the Polish prime minister's opinion on the consistent privatization of the Polish economy. He also announced Japan would continue its aid for Poland in staff training.

During his meeting with representatives of the Japan Federation of Economic Organizations (Keidanren), the Polish premier said that he came to Japan neither to ask for anything nor to offer anything but to reach better understanding.

"Poland maintains close relations with the U.S. and with Germany. In fact, Poland has close relations with all the European members of the G-7, but I am sure that there is not enough communication between Poland and Japan. Poland knows too little about Japan and Japan knows too little about Poland. I want to change this...," Jan Krzysztof Bielecki stressed.

Cautions Against Aid to USSR

OW2506100791 Tokyo KYODO in English 0911 GMT 25 Jun 91

[Text] Tokyo, June 25 KYODO—Polish Prime Minister Jan Krzysztof Bielecki cautioned here Tuesday that economic aid to Moscow should not be allowed to interrupt traditional business ties between the Soviet Union and East European nations.

Trade with the Soviet Union is vital for Poland, Hungary, and Czechoslovakia, Bielecki told a news conference at the Japan National Press Club.

"If there is G-7 (Group of Seven) assistance to the Soviet Union, it should support central and European trade links," Bielecki said.

Financial assistance to the Soviet Union will be a focal point of next month's annual economic summit of the leaders of the G-7 countries—the United States, Japan, Germany, Britain, France, Italy and Canada.

The Polish premier appeared to agree with Japan's analysis that economic aid to the Soviet Union will be effective only after the introduction of radical economic reforms.

For aid to be meaningful, "you have to prepare a whole reasonable program that will introduce some absolutely fundamental solutions," Bielecki said.

He suggested the Soviet Union should introduce policies similar to those adopted by Poland in 1990, which included establishing a stabilization fund and stabilizing exchange rates, and introducing a tough credit policy.

The reforms are likely to send unemployment rates soaring and lead to a severe recession, he said.

Bielecki said his country is not ready to use 500 million dollars worth of loans credit pledged in 1990.

Poland has not yet touched the money offered by Prime Minister Toshiki Kaifu during a visit to Warsaw due to a lack of suitable projects, Bielecki said.

"We do not suffer from a shortage of credits," Bielecki said, "the problem is their proper absorption."

Bielecki is the first Polish premier to visit Japan since 1989 when Warsaw started undergoing rapid major democratic and economic reforms.

He has met with Kaifu and key cabinet members during the unofficial four-day stay aimed at boosting mutual understanding.

Bielecki arrived in Japan on Saturday following an official trip to South Korea.

Trade Minister Meets South African Counterpart

OW2506113291 Tokyo KYODO in English 1056 GMT 25 Jun 91

[Text] Tokyo, June 25 (KYODO)—Eiichi Nakao, Minister of International Trade and Industry, met with his South African counterpart D. J. De Villiers Tuesday in the first ministerial-level meeting since 1986.

Chief Cabinet Secretary Misoji Sakamoto said the meeting, planned before the South African Parliament scrapped apartheid laws last week, marked "a favorable trend" in bilateral relations.

Japan had refused high-level contacts with South Africa since Foreign Minister Pik Botha held talks here with then Foreign Minister Tadashi Kuranari in 1986.

Tokyo was scalded with criticism from other African nations after the 1986 meeting—the first ever between the foreign ministers of the two countries—and subsequently suspended ministerial exchanges.

De Villiers, minister of public enterprises and economic coordination, told Nakao that a strong economy is essential to the success of political reforms, a MITI official said.

He added that he expects South Africa to continue to maintain a free economy even after a new post-apartheid constitution is drawn up, the official said.

De Villiers made the comment in response to a question by Nakao on South Africa's economic policies following the lifting of economic sanctions, which Nakao said is expected in the "not too distant future," the official said.

The black nationalist African National Congress has called for a mixed economy and nationalization of private firms.

The two ministers did not directly discuss economic sanctions, the official said.

Japan has stipulated the release of political prisoners and international acknowledgement of progress toward creating a nonracial state as conditions for lifting sanctions on direct investment and trade of certain items.

The steps could also lead to the establishment of full-fledged diplomatic relations. Japan and South Africa initiated consular ties in 1952, but Tokyo later declined to upgrade them due to its opposition to apartheid.

De Villiers, here since Sunday on the first stop of an Asian tour that will take him to Hong Kong and Singapore, is to meet uith Vice Foreign Minister Muneo Suzuki before leaving Thursday.

He is accompanied by two officials from Transnet, a governmental body that controls public transport in South Africa.

Business on Easing of Sanctions on South Africa

OW2106141591 Tokyo KYODO in English 1401 GMT 21 Jun 91

[Text] Tokyo, June 21 KYODO—The business community has welcomed Japan's decision to ease sanctions against South Africa as paving the way for improvement of bilateral economic relations, industry and trading sources said Friday.

The sources said South Africa, rich in resources such as gold, diamonds and iron ore, is a potentially big market for Japan.

The government decided Friday to lift some of sanctions, including tourism and personnel exchanges, in response to the abolition of the Population Registration Law, the backbone of the country's apartheid racial discrimination policy.

The government, however, retained trade sanctions against Pretoria, including a ban on direct investment, pending the release of political prisoners.

Japan's trade with South Africa has declined annually since 1987, making it the African nation's fourth largest trading partner, following Germany, Britain and the United States.

Japan's trade with South Africa totaled 3.32 billion dollars in 1990, down 11.5 percent from the preceding year. The volume for the first quarter of this year fell 6.5 percent from a year ago.

Japan's major export items are automobiles and parts, office equipment, machinery, video tape recorders, machinery and steel.

South Africa's exports to Japan consist mainly of platinum, aluminum ingot, nonferrous metals, and coal.

South African Economics Head Urges Investment

OW2406121191 Tokyo KYODO in English 1047 GMT 24 Jun 91

[Text] Tokyo, June 24 KYODO—South African Minister of Economic Cooperation D.J. de Villiers urged Japanese industrialists Monday to invest in his country, saying economic cooperation is important for its democratization.

The democratic progression will be delayed if the South African economy declines further, De Villiers was quoted as telling Federation of Economic Organizations (Keidanren) Managing Director Kazuo Nukazawa.

De Villiers called on Japan's private sector to provide technology as well as investment to South Africa, which has suffered from a deep recession for the past two years, a Keidanren official said.

Japan bans direct investment in South Africa to show its opposition to apartheid, or racial segregation.

Last week, the Government loosened sanctions on sports and cultural ties in response to the South African Parliament's decision to abolish apartheid laws.

However, the Government has demanded further progress toward establishing a nonracial state before economic sanctions can be lifted.

Nukazawa told De Villiers that improved economic relations hinge on the release of political prisoners and an agreement by the international community it is satisfied with Pretoria's efforts to abolish apartheid.

The issue of South Africa is expected to be taken up by Prime Minister Toshiki Kaifu and leaders of six other major industrialized nations at the annual economic summit in London next month.

De Villiers, here on a private visit as part of an Asian tour that includes Hong Kong and Singapore, will meet with International Trade and Industry Minister Eiichi Nakao on Tuesday.

The meeting will be the second between a South African minister and a Japanese counterpart since a three-year freeze on high-level contacts was lifted in 1989.

In the fall of 1986, Foreign Minister Pik Botha held talks with then Foreign Minister Tadashi Kuranari in a meeting that roused international criticism of Japan, which at the time was South Africa's top trading partner.

Official ties have been capped at the consulate level as a demonstration of Japan's dissatisfaction with apartheid.

De Villiers is also to meet with parliamentary Vice Foreign Minister Muneo Suzuki and representatives of private companies before leaving Thursday.

He is accompanied by two officials from Transnet, a state body that controls public transportation.

Bank of China To Resume Offering Yen Bonds

OW2206081891 Tokyo KYODO in English 0802 GMT 22 Jun 91

[Text] Tokyo, June 22 KYODO—The Bank of China will resume yen bond offerings in Japan with an issuance of 20 billion yen in five-year Samurai bonds early next month, marking China's return to the western capital markets after the June 1989 Tiananmen Square incident.

The issue by China's main foreign exchange bank has already been approved by the Japanese Finance Ministry, and Yamaichi Securities Co. will be a lead manager, according to sources familiar with the offering.

Terms on the issue such as the coupon will be determined next week, the sources said.

With China facing strong capital inflow needs to revive its economy, other Chinese institutions are expected to follow suit, they said.

Among other institutions, China International Trust and Investment Corp. is seen as the most likely candidate as it has already submitted an offering plan to the Finance Ministry, which oversees offerings of yen bonds by nonresidents, they said.

Companies To Begin Printer Production in PRC

OW2106141691 Tokyo KYODO in English 1349 GMT 21 Jun 91

[Text] Tokyo, June 21 KYODO—Mitsui and Co. announced Friday that it, Fujitsu Ltd. and Fujitsu Isotec Ltd. will start the production of Chinese-language word processor printers in October this year in Shenzhen, southern China, jointly with two Chinese corporations.

The three Japanese firms and Beijing Stone Group Co., a Chinese office automation equipment development and sales company, and Beijing Stone Office Equipment Technology Co. (SOTEC), a word processor manufacturing company, will set up a joint development and production firm to produce printers for use in word processors.

The joint firm will be capitalized at 3 million dollars, of which 25 percent will be provided by Mitsui and Co., 14 percent by Fujitsu, 10 percent by Fujitsu Isotec, 20 percent by Beijing Stone Group Co., and 31 percent by SOTEC.

The new firm, to be named Shenzhen Shentong Printer Equipment Technology Co., will build a factory with a floor area of 3,500 square meters in Shenzhen, and will supply printers for word processors manufactured by SOTEC.

The new firm's initial monthly production capacity will be 3,000 to 3,500 printers.

Mitsui expects to see the joint firm achieve 460 million yen in sales in the initial year, and 1.97 billion yen the second year.

Mitsubishi Materials To Set Up Plant in PRC

OW2406033491 Tokyo KYODO in English 0308 GMT 24 Jun 91

[Text] Tokyo, June 24 KYODO—Mitsubishi Materials Corp., a leading Japanese metal and ceramics firm, said Monday it is signing a letter of intent to set up a cement joint venture with Yantai Construction Material Industry Corp. in Shandong Province, China.

The new company will be established next spring after reaching agreement on details such as size of investment and profit structure, Mitsubishi Materials officials said.

A factory will be constructed in summer next year 35 kilometers from Yantai Port. Plant capacity is to be 790,000 tons of clinker (semi-processed cement) and 900,000 tons of cement annually from summer 1994.

This will be the first Mitsubishi Materials cement joint venture overseas, although the company has produced cement in the United States, company officials said.

The Chinese firm will be a base to export more than 70 percent of the production to Southeast Asia, taking advantage of Yantai City's status in an economic technology development zone, they said.

The new company will be capitalized at 160 million yuan, 35 percent of the estimated 450 million yuan total investment.

Mitsubishi Material, along with other Japanese firms including Trader Mitsubishi Corp., will put up 70 percent of the capital, while the Chinese partner will put up the remainder, according to the officials.

Under the 33-year contract, 400 workers will be involved in the joint venture, producing 650,000 tons of cement a year for export and 250,000 tons for the domestic market, they said.

The new firm will be the second Japan-China cement joint venture. Onoda Cement Co.'s joint factory in Dalian is to begin operation with production capacity of 1.2 million tons of clinker per annum next summer.

Business Accord With French Software Company

OW2406133191 Tokyo KYODO in English 0851 GMT 24 Jun 91

[Text] Tokyo, June 24 KYODO—NEC Corp., Otsuka Shokai Co., and Matra Datavision S.A. have signed a business agreement that will enable the two Japanese companies to market the French firm's computer software applications in Japan, company officials said Monday.

The distribution agreement will give NEC and Otsuka the right to sell Matra Datavision's integrated three-dimensional computer-aided design (CAD), computer-aided manufacturing (CAM), and computer-aided engineering (CAE) applications for use with NEC's 4800 series workstations, officials said.

Matra Datavision, headquartered in Les Ulis Cedex, is a major software developer of two-and three-dimensional computer software applications.

Otsuka is a Japanese distributor of NEC machines and other computer systems equipment.

NEC and Otsuka intend to sell a total of 1,000 systems in the next three years, officials said.

The integrated software ranges in price from 5-8 million yen, officials said.

Ministry Announces Resumption of Aid to Haiti

OW2106131591 Tokyo KYODO in English 1300 GMT 21 Jun 91

[Text] Tokyo, June 21 KYODO—Japan will resume aid to Haiti after adopting a "wait and see" attitude since the Caribbean island nation's latest change of leadership last February, Foreign Ministry sources said Friday.

The sources said Japan will soon conclude an agreement with Haiti to extend 7 million dollars in grants—4 million dollars for a medical equipment supply project and 3 million dollars for a project to supply fertilizer and other materials to increase food production.

Japan has been refraining from making new aid commitments to Haiti, the poorest country in the Western hemisphere, since the election of Jean-Bertrand Aristide, a populist Roman Catholic priest, as Haiti's president.

The sources said the government had been unsure of the policies of Aristide, who was best known for his fiery leftist, anti-American rhetoric and his close ties with Communist Cuba.

But Japanese officials have been pleased with the "positive" policies adopted by Aristide, the sources said, noting that he has begun talks with international financial institutions on economic reform and has promoted political reconciliation.

The Japanese move follows pledges of aid to Haiti by the United States and France.

Meanwhile, sources said that Jean Marie Cherestal, Haiti's deputy foreign minister, will visit Japan from July 7-17.

The visit will overlap a World Bank-sponsored meeting in Paris on July 10, arranged to discuss support for Haiti.

Export-Import Bank To Extend Foreign Loans

OW2406122791 Tokyo KYODO in English 1025 GMT 24 Jun 91

[Text] Tokyo, June 24 KYODO—The Export-Import Bank of Japan will extend a total of 63.6 billion yen in two loans to Mexico and up to 11.6 billion yen to Indonesia, the bank's officials said Monday.

The bank has signed an agreement to provide 53.6 billion yen in untied loans to the state-run National Financiera S.N.C., which will finance the planned development of unleaded gasoline by Petroleos Mexicanos.

About 10 billion yen of loans will also be extended to National Financiera and Banco Nacional de Comercio Exterior to help Mexico pay for Japanese exports chosen by both the Japanese and Mexican institutes.

The governmental bank also agreed to loan up to 11.6 billion yen to the Indonesian Government to help finance purchases of Japanese-made equipment necessary for the planned expansion of a thermal power generation plant on the outskirts of Surabaya in Java, the officials said.

Nakayama Meets Cuban Minister, Urges Change

OW2106123391 Tokyo KYODO in English 1215 GMT 21 Jun 91

[Text] Tokyo, June 21 KYODO—Foreign Minister Taro Nakayama on Friday called on Cuba to join the worldwide trend towards democratization and adoption of free market principles, Foreign Ministry officials said.

Officials said Nakayama made the suggestion in a meeting with Cuban Minister for Foreign Trade Ricardo Cabrisas, who arrived in Japan last Saturday on an eight-day visit.

They said the Japanese foreign minister drew Cabrisas' attention to the trend of democratization and economic reform in Latin America and elsewhere across the globe.

Cabrisas replied that Cuba's present system of government enjoys the broad support of its populace and is considered by them to be democratic, the officials said.

As for the question of economic reform, he was quoted as saying, the government is already implementing various measures in order to improve the system already in place.

Cuba's leadership has vowed never to allow a return to the capitalism of pre-revolutionary days, which veteran leader Fidel Castro recently described as having created "a society living according to the law of the jungle."

But the communist Caribbean island has in recent years found itself increasingly isolated in the global arena, even from its closest ally and benefactor the Soviet Union.

Officials said Cabrisas told Nakayama of his efforts in Tokyo to convince Japanese companies and financial institutions to agree to a formula by which Cuba can adjust repayment of its 110 billion yen private sector debt to Japan.

Cabrisas explained that since Cuba has insufficient convertible curency reserves to repay the debt, it would like the debt to be rescheduled and a portion of it swapped for investment in Cuba's tourist sector.

As the swapped debt would not be enough to finance the development proecess being contemplated, Cuba wants

Japanese companies to pump in extra funds to supplement funds from the Cuban Government, he was quoted as saying.

Havana, trying to make inroads into the Caribbean tourist market, has been inviting European investors to finance construction of luxury beachside hotels and bungalow complexes in return for a 50 percent share of ownership and profits.

Replying to Cabrisas' proposal, the officials said Nakayama merely noted that the Japanese Government cannot intervene as the matter is one for the private sector.

But a Foreign Ministry source noted that the Japanese private sector is "not pleased" with the Cuban rescheduling/debt-swap proposal and "has no intention at all to give new money to Cuba."

Officials said Cabrisas also discussed the proposal during talks Tuesday with Eiichi Nakao, minister of international trade and industry.

They said Cabrisas brought with him a letter outlining the proposal from Vice President Carlos Rafael Rodriquez, which was to be conveyed to Prime Minister Toshiki Kaifu.

Cabinet Approves Appointment of Sakuma to SDF

OW2506033391 Tokyo KYODO in English 0224 GMT 25 Jun 91

[Text] Tokyo, June 25 KYODO—The Cabinet approved Tuesday the appointment of Admiral Makoto Sakuma as the nation's top military officer effective July 1, Defense Agency Director General Yukihiko Ikeda said.

Sakuma, 56, who will replace retiring Gen. Taizo Terashima, will be the first graduate of the National Defense Academy named chairman of the Joint Staff Council of the Self-Defense Forces.

Previous chairmen have all been graduates of the prewar imperial military academies.

Adm. Fumio Okabe, commander of the Sasebo District Maritime Headquarters, will succeed Sakuma as Maritime Self-Defense Force chief of staff, Ikeda said.

Plans To Introduce Plutonium Thermal Technology

OW2206032291 Tokyo KYODO in English 0251 GMT 22 Jun 91

[Text] Tokyo, June 22 KYODO—A subcommittee of Japan's Atomic Energy Commission wants a plan to introduce plutonium thermal technology in the next few decades until the fast breeder reactor (FBR) under development can be put into practical use, commission officials said saturday.

The current long-term plan on nuclear energy estimates the FBR will go into use some time beween 2020 to 2030, the officials said.

The FBR, which produces more fissionable materials than it consumes, has been designed to use plutonium as its fuel, the officials said. Plutonium thermal use technology allows plutonium to fuel conventional nuclear reactors now in operation.

Japan has ordered plutonium from reprocessed spent nuclear fuel from processing plants in Britain and France, which will start arriving in the fall of 1992, the officials said.

A reprocessing plant at Aomori Prefecture under development is scheduled to launch operation in 1998, the officials said.

The commission's nuclear fuel cycle subcommittee's long-term projection shows that Japan will have 84 tons of plutonium by the year 2010, the officials said. The country, however, will not be able to consume that much plutonium, they said.

Japan must introduce plutonium thermal use to consume the excess plutonium, because holding the excess violates its policies against developing, introducing, and possessing nuclear arms, the officials said. Plutonium is commonly used in nuclear weapons.

The committee plans to consume 53 tons of plutonium in four light water reactors by the end of 1990s and in as many as 12 light water reactors by the year 2010. The remainder will be used in developing the fast breeder reactor and in other scientific work.

As the development of the fast breeder reactor has slowed down in other countries, France and Germany already have introduced plutonium thermal use, the officials said.

The Atomic Energy Commission is likely to approve the draft plan in July. The commission also will revise the long-term plan on nuclear development based on the draft, the officials said.

Central Bank To Accept 10 Foreign Trainees

OW2106135391 Tokyo KYODO in English 1343 GMT 21 Jun 91

[Text] Tokyo, June 21 KYODO—The Bank of Japan (BOJ) announced Friday it will accept 10 trainees from the Soviet and East European central banks in the six months to September.

Officials said the trainees, ranging from executives to young recruits, hope to study the monetary policies the BOJ pursued when Japan switched from a government-controlled economy to a market economy after World War II. The Soviet Union and countries of Eastern Europe are moving toward market economies.

This is the first time for the BOJ to accept Soviet trainees, although it received one trainee from East Europe in fiscal year 1990 which ended in April 1991.

The new trainees will raise the total number of foreign BOJ trainees in the half-year period ending in September to 29. The figure includes 19 foreign trainees who came from Asia and other parts of the world in fiscal 1990.

The trainees are expected to study Japanese know-how in the compilation of economic statistics, the surveying of business trends, inspecting private banks, intervention in the foreign exchange market, and other central bank functions.

Bank Official on Rift With Germany, U.S.

OW2406141091 Tokyo KYODO in English 1215 GMT 24 Jun 91

[Text] Tokyo, June 24 KYODO—The communique issued Sunday by Group of Seven finance ministers and central bankers points to a rift among the United States, Japan, and Germany over the dollar's level, the chief economist at the Bank of Tokyo said Monday.

Masao Susaki told KYODO NEWS SERVICE that a vague reference to interest rates in the document alludes to strong opposition from Japan and Germany to a call for lower interest rates, an idea sought by the United States.

The communique stressed the importance of fiscal and monetary policies "which provide the basis for lower real interest rates and a sustained global economic recovery with price stability," but it was quick to note that "the approach taken (toward monetary policy) would need to reflect the differing situations in each country."

Susaki said the statement can be read not only as suggesting that the G-7 nations will lower interest rates in a coordinated manner, but also as indicating that nations that could do so will do.

The vague wording, Susaki said, suggests that the United States might have rejected calls from Japan and Germany for capping the dollar's recent strength in foreign exchange markets, while failing to win backing from the two countries for lowering interest rates.

On foreign exchange rates, the communique said the G-7 finance officials "reaffirmed their commitment to cooperate closely, taking account of the need for orderly markets, if necessary through appropriate concerted action in exchange markets."

G-7 officials said the "concerted action" means joint intervention in the foreign exchange markets.

Susaki said currency markets would try to assess the extent of concerted action, and this would provide support for the dollar, which has kept its strength in recent weeks.

In Tokyo, the dollar closed at 139.77 yen, up 0.72 yen from Friday's close.

Kaifu, Minister Discuss Political Reform

OW2206025091 Tokyo NHK General Television Network in Japanese 0300 GMT 21 Jun 91

[Text] Prime Minister Toshiki Kaifu met with Home Affairs Minister Akira Fukida after the Cabinet meeting this morning. Regarding the single-seat constituencies allocation plan which will be submitted on 25 June as one of the highlights for political reform, Kaifu disclosed his intention to again meet with the leaders of the ruling Liberal Democratic Party [LDP] and opposition parties to obtain their understanding of and cooperation in political reform.

At the meeting, Kaifu stressed that political reform is a very important issue, and that his fiery zeal for political reform remains unchanged. The government's advisory Election System Council [ESC] is expected to submit a report on the single-seat constituencies allocation plan—a highlight of the political reform. Touching on the ESC report, Kaifu stated that the ESC's allocation plan should be introduced not only to such LDP leaders as party executives, the officials of the Political Reform Headquarters and senior advisors, but also to opposition leaders, so that he can win their support for political reform.

While some quarters have insisted that the allocation plan should not be made public until political reform bills are ready, Kaifu and Fukida agreed that the plan should be publicized through the mass media immediately after the ESC report.

Kaifu Urges People's Support for Reform

OW2206054991 Tokyo KYODO in English 0599 GMT 22 Jun 91

[Text] Asahikawa, Hokkaido, June 22 KYODO—Prime Minister Toshiki Kaifu called for people's support for his pledged political reform at a meeting here Saturday.

Speaking at a meeting on political reform organized by the ruling Liberal Democratic Party (LDP), Kaifu said he hopes to hold an extraordinary Diet session as soon as possible to discuss political reform.

Kaifu told some 3,000 participants that he wants to increase discussion on political reform before his term as party president expires in October. The LDP president automatically becomes prime minister because of the party's current majority in the house of representatives.

Kaifu assumed office in 1989 following money and sex scandals that rocked the LDP, and said he stakes his political career on achieving political reform.

"Please give the LDP a new vitality and confidence so that it can respond to a new era. I am full of a sense of mission to carry out (political reform) at any cost," Kaifu said.

Kaifu indicated he may not seek an extraordinary Diet session in July as the top opposition Social Democratic Party's leadership is likely to change in that month.

Kaifu had indicated his intention to convene a Diet session as early as July 22 after attending the London economic summit of seven major industrialized nations in mid-July.

The LDP has drawn up a package of draft political reform bills which call for a reduction of the number of seats in the lower house from 512 to 471.

The plan also calls for introduction of a combination of single- seat constituencies and a proportional representation system to replace the current medium-size constituency system.

Kaifu will also attend a similar meeting on political reform in Kobe, western Japan, on Sunday.

Electoral Reform Plan Draws New Districts

OW2206135691 Tokyo KYODO in English 1336 GMT 22 Jun 91

[Text] Tokyo, June 22 KYODO—A study panel said Saturday it has tentatively completed the rezoning of electoral constituencies for the House of Representatives under a political reform package endorsed by the ruling Liberal Democratic Party last month.

The panel, a subcommittee of the government-appointed election system council, said the nation's 47 prefectures would be divided into 300 single-seat constituencies under the plan.

Another 171 representatives would be elected through a proportional representation system for a total of 471 seats.

Under the present system, the house of representatives' 512 members are elected from 130 multiple-seat electoral districts.

In drawing up the new districts, the panel said it took voter population into consideration to reduce the disparity among districts in the value of each ballot.

The new electoral districts will be finalized at a meeting of the full council tuesday for presentation to Prime Minister Toshiki Kaifu, panel officials said.

Election System Council Submits Reform Plan

OW2506092391 Tokyo KYODO in English 0900 GMT 25 Jun 91

[Text] Tokyo, June 25 KYODO—A government panel submitted an election reform plan to Prime Minister Toshiki Kaifu on Tuesday that would reduce the gap between the value of votes in rural and urban constituencies of the House of Representatives.

The plan would limit the difference to one rural ballot being worth 2.53 times as much as one for a densely populated district.

The Election System Council opted for a plan redrawing the demarcation of 300 constituencies—which consist of three to five seats—into 130 single-seat constituencies, government officials said.

Kaifu told council planners the government wants parliament to deliberate on the election reform plan together with other plans on curtailing election funds and reducing the number of lower house seats.

The council's plan, the first in 35 years to attempt the introduction of one-seat constituencies, allocates the constituencies into 13 cities and Tokyo metropolitan wards that it said surpass the council-designated population limit of between 274,692 and 549,384 people.

The council, an advisory body to the prime minister, has set the limit as a yardstick for the disparity in the value of votes among constituencies across the country.

Twenty-seven constituencies have more than twice as many voters as the No. 3 constituency in Kochi Prefecture, which has the fewest ballots per Diet member in the country.

One vote in that constituency is worth 2.15 times as much as one in the No. 4 constituency in Osaka Prefecture, the most densely populated area in Japan.

There are six constituencies in four prefectures which fall short of the population limit, the plan said. Among them are Shimane and Kochi.

New LDP Factional President Views Duties

OW2206050591 Tokyo NHK General Television Network in Japanese 1200 GMT 20 Jun 91

[Interview with Hiroshi Mitsuzuka, president of the Seiwakai of the Liberal Democratic Party, by NHK newscaster Tadashi Sonoda; Sonoda is in NHK studio and Mitsuzuka is in Tokyo; from "NHK News 21" program—live]

[Text] [Sonoda] Hiroshi Mitsuzuka, former secretary general of the old Abe faction [Seiwakai] and former foreign minister, has assumed the presidency of the old Abe faction in the ruling Liberal Democratic Party [LDP]. He has assumed the post at the nomination of Takashi Hasegawa, the old guard in the faction. It is unusual that the faction president is named by a factional old guard. Mr. Mitsuzuka is the third president of the Seiwakai, which was founded by former Prime Minister Fukuda. This evening, I will interview Mr. Mitsuzuka.

Mr. Mitsuzuka, there were various ups and downs before a decision was made. Would you describe your present feelings upon assuming the post as third president of the Seiwakai? [Video shows Mitsuzuka and Sonoda on split screen]

[Mitsuzuka] Well, Mr. Fukuda was the first president and Mr. Abe was the second president. Mr. Fukuda was prime minister and Mr. Abe was on the verge of becoming prime minister. I was entrusted with this immense responsibility despite my incompetence. Frankly speaking, I am at a loss how to fulfill my heavy responsibility, and these are my frank feelings. However, because my assumption of the presidency was approved unanimously by all the faction members, although I am incompetent, I am firmly resolved to work for the faction, while making the most of all my wisdom and abilities. I believe that I should strive to realize the Abe politics, while taking guidances from my senior politicians and advise from my associates in the faction.

[Sonoda] Mr. Mitsuzuke.

[Mitsuzuka] Yes.

[Sonoda] Mr. Mutsuki Kato, chairman of the LDP Policy Affairs Research Council, and other faction members voiced their opposition to your nomination as the faction president in the course of choosing a new faction president. How do you plan to hold the faction together in the future?

[Mitsuzuka] [Video shows Mitsuzuka holding a piece of paper] Mr. Hasegawa made a decision like this. His statement reads: I hope that at the bright atmosphere of the Seiwakai, the new president constantly will respect the views of the faction members and indicate elegant politics and fair personnel changes to the people, while keeping a broad mind. I will make it a principle to run the faction in a free, active, and fair manner, while seeking the unity of the faction and reconciliation among the faction members. I believe that by doing so, our faction will be able to carry out elegant politics and realize the Abe politics. I will strive sincerely to hold the faction together.

[Sonoda] The old Abe faction has more young Diet members compared with other factions in the LDP, hasn't it?

[Mitsuzuka] Yes.

[Sonoda] For that reason, I think that you will face difficulties in running the faction and making a decision on the LDP presidential election. What do you think?

[Mitsuzuka] Our faction has 36 young Diet members. Late President Abe did all he could for their elections in the previous general elections; they are his incarnation. As an advocate for succeeding the Abe politics, I am resolved to carry out political activities together with them, while placing the foremost importance on their future reelections.

[Sonoda] Mr. Mitsuzuka, I would like to ask a question without reservations. Will your faction field a candidate in the LDP presidential election scheduled for this autumn?

[Mitsuzuka] Our faction is the second largest in the LDP. Mr. Abe died suddenly while on the verge of becoming prime minister, and I will keep that in mind. There is no change in the Seiwakai's basic plan to field a candidate in the LDP presidential election.

[Sonoda] May I understand that you, the leader of the Seiwakai, will run for the LDP presidency?

[Mitsuzuka] In principle, the leader of the faction must be a candidate in the LDP presidential election. This is a tradition held up by our faction. However, I just assumed the post of the president today. I plan to make a trip across the nation to encourage our associates, while listening carefully to voices of the people and party members until a study meeting is held in mid- autumn. I will make a final decision on the LDP presidential election at the study meeting after consulting fully with senior party members and faction members.

[Sonoda] The old Abe faction has 89 Diet members and is the second largest in the LDP. Any candidate fielded by the faction is not expected to win in the LDP presidential election. The old Abe faction and the Takeshita faction have thus far maintained very close ties and you are said to be maintaining a close personal ties with Mr. Takeshita. How do you plan to maintain the ties with the Takeshita with the LDP presidential election scheduled for this autumn?

[Mitsuzuka] The Takeshita faction is the largest in the LDP and the old Abe faction is the second largest in the LDP. As a conservative mainstream in Japanese politics, they have made a great contribution to the political stability in Japan. At the same time, our faction will fight in the LDP presidential election, while cherishing the ties with the Takeshita faction. The Miyazawa, Watanabe, and Komoto factions are in the LDP. I think that it is important for our faction to move toward an open presidential election, while cooperating closely with these factions. I believe that this will not hurt the ties and alliance with the Takeshita faction. I also believe that openly and fairly conducting the LDP presidential election will contribute to consolidating the people's confidence in politics.

[Sonoda] Regarding the LDP presidential election, it is said that a generational war is being waged between such politicians born during the Daisho Era [1912-1926] as Mr. Miyazawa and Mr. Watanabe, and other politicians born during the Showa Era [1926-1989] like you. What do you think?

[Mitsuzuka] Simply put, I think that the politics is a sweeping passion. A sense of responsibility and a sense of nation are at the root of politics. In that sense, I do not think that there is any competition between the Daisho generation and the Showa generation. I believe that politicians who have greater determination will win public support, and politicians who have a sense of responsibility will gain the people's confidence. Therefore, I think that all politicians have to work to advance the politics of our nation, while cooperating with each other. I believe that it is not appropriate to mention the generational shift, or to cite only age.

[Sonoda] As you are aware, a draft plan for drawing electoral constituency zones under the small electoral constituency system has become a focus in political reform. The draft plan will be made public next week. A large number of Diet members affiliated with the old Abe faction appear to be opposing the small electoral constituency system. Mr. Mitsuzuka, as the president of the old Abe faction, are you for the system or against the system?

[Mitsizuka] When I served as the chairman of the LDP Policy Affairs Research Council, I delivered speeches in my capacity as party representative. In the speeches, I strongly appealed for the introduction of the small electoral constituency system. Nominating me as the president today, Mr. Hasegawa told me that I should have courage to work vigorously for political reform. I agree with his advise. In addition to the small electoral constituency system, there are two major tasks in political reform. It is quite natural for me to work vigorously for these two tasks because they are absolute demands from the people. However, it is necessary to achieve a party consensus to that end. Efforts should be made to achieve the consensus. Because the Seiwakai is a free and open faction, individual views will be respected. I think that our faction should seek to achieve the consensus and make efforts to improve itself through intrafactional debates.

[Sonoda] Thank you very much for sparing your busy time after assuming the presidency.

[Mitsuzuka] Thank you.

SDP's Doi Prefers Tanabe as Successor

OW2406115291 Tokyo KYODO in English 0924 GMT 24 Jun 91

[Text] Tokyo, June 24 KYODO—Social Democratic Party [SDP] Chairwoman Takako Doi said Monday she wants to be succeeded by Makoto Tanabe, one of her four deputies, although Tanabe has reportedly declined.

Doi, 62, did not say whether he has accepted or not.

She told a news conference she has appreciated the efforts of Tanabe, a 69-year-old vice chairman, in compiling a party reform plan, adopted last week.

Meanwhile, the Central Executive Committee met earlier in the day and approved Doi's resignation, SDP officials said.

The committee will officially propose the resignation at an extraordinary party convention set for July 30-31, the officials said.

All other leading members of the party will resign en bloc, they said. Among them are Tanabe and Tsuruo Yamaguchi, the party's secretary general, the two other vice chairmen Masahiro Yamamoto and Wataru Kubo, and Manae Kubo, a vice chairwoman.

Doi, who became Japan's first woman to head a major political party nearly five years ago, announced her resignation Friday, saying she is taking responsibility for the party's crushing defeat in the April local government elections.

The outgoing SDP head, speaking at a press conference after the committee session, said she has no intention of personally nominating the next party leader.

She said the party has rules on leadership election, under which a leader is elected in a vote among rank-and-file members. An estimated 125,000 members are eligible to vote in the election, probably to be held July 20-21 or July 21-22, party sources said.

Doi said she is urging members to rebuild party unity under a new leader, who will be later approved at the extraordinary convention.

She said it is high time to resign from the leadership as the party adopted a reform plan in a bid to pave the way for an electoral win over the Liberal Democratic Party, which has ruled Japan since 1955.

The Central Executive Committee approved the reform plan last week, which calls for major changes in its basic policies on defense, energy, and external affairs.

The plan calls for the party to recognize the Japan-U.S. Security Treaty and says Japan has a right to self-defense.

The new party platform, however, argues the SDF [Self-Defense Force] is unconstitutional, and should be reorganized and reduced in size.

Doi, a former lecturer on constutition at her alma mater Doshisha University, was elected chairwoman of the No. 1 opposition party, called the Japan Socialist Party at the time, in September 1986.

She succeeded Masashi Ishibashi, who had resigned following the party's major setback in double elections for both houses of the Diet held simltaneously in July that year.

The SDP under Doi scored major gains in the July 1989 House of Councillors election and also in the February 1990 general elections for the House of Representatives.

North Korea

Second Day of War Remains Meeting Reported

SK2406160891 Pyongyang KCNA in English 1534 GMT 24 Jun 91

[Text] Panmunjom June 24 (KCNA)—The second-day sitting of the DPRK-U.S. joint meeting for the solution of the problem of the remains of U.S. soldiers took place at the conference room of the Military Armistice Commission here today.

The meeting discussed the question of delivering the remains of U.S. soldiers.

Speaking first at the meeting, head of our side Yi Song-ho, deputy to the DPRK Supreme People's Assembly, said our side decided to deliver the remains of eleven U.S. soldiers to the U.S. side, taking into consideration the fact that the U.S. side not only made clear its intention for the formation of a DPRK-U.S. joint committee for the delivery of the remains of U.S. soldiers at an early date and hoped for continued contacts between the parliamentarians of the DPRK and the United States to this end but also stated in real earnest that it would take over the remains of eleven bodies upon authorization of the U.S. Administration, and giving thought to the families of the dead who would be waiting on tiptoe for them, although the first-day sitting yesterday ended fruitlessly due to the unfaithful behavior of the U.S. side.

U.S. Senator Bob Smith, head of the U.S. side, on behalf of the U.S. Administration, expressed thanks to the DPRK Government for taking steps for the delivery of the remains of U.S. soldiers, saying he considers this a positive step helpful to the improvement of relations between the DPRK and the U.S.A.

He expressed his intention to meet again in the near future to discuss the formation of a joint committee of the two sides and its scale.

Then a ceremony for the delivery of the remains of U.S. soldiers took place at the meeting.

The paper of confirmation on their delivery was signed by head of our side Yi Song-ho upon authorization by the DPRK Government and by U.S. Senator Bob Smith (another name William C. Smith) upon authorization by the U.S. Administration.

Then our side delivered the remains of eleven bodies to the U.S. side.

At the end of the meeting Yi Song-ho met with reporters.

He told reporters that the meeting was held under agreement reached between the U.N. mission of the DPRK in New York and U.S. Senator Bob Smith.

He said the questions agreed upon between the DPRK and the United States at that time were firstly to organize a joint committee for the delivery of the remains of U.S. soldiers, secondly to supply materials on the remains of U.S. soldiers and thirdly to deliver the remains of eleven bodies to the U.S. side and they promised to discuss and reach an agreement on the three questions at the joint meeting held this time.

He continued:

This was reported by both sides on June 19 and the U.S. side even sent to our side the list of the names of the members of its delegation to the joint committee.

But the U.S. side at the joint meeting on June 23 did an act lacking trust by reversing the points already agreed upon between the two sides.

Such untrustworthy act toward the partner cannot go down with anyone and anywhere, and the time has gone when such rude act could have effect.

At yesterday's meeting, the U.S. side insisted on solving the problem of the remains of U.S. soldiers not at the joint committee but within the framework of the Military Armistice Commission. The paragraph of the armistice agreement concerned with the delivery of remains was abolished upon agreement by the two sides in 1954 and competent organs were solved at that time.

Therefore, this problem must be settled between the DPRK and the United States.

Our side recalled that the DPRK and the U.S. had already agreed to form a joint committee and then deliver the remains, and laid bare the unjustness of the insistence of the U.S. side that the formation of a joint committee and the delivery of the remains are separate issues.

But, our side delivered the remains of eleven U.S. soldiers to the U.S. side on June 24, taking into consideration the fact that the U.S. side promised to accede to the formation of a DPRK-U.S. Joint Committee, proposed that the two sides discuss the relevant matters at an early date and said it would receive the remains as a delegate plenipotentiary authorized by the U.S. Administration and it agreed to our fair position.

The head of our side gave answers to questions put by reporters.

Foreign Affairs Official Meets U.S. Senator

SK2406153391 Pyongyang KCNA in English 1521 GMT 24 Jun 91

[Text] Panmunjom June 24 (KCNA)—Kang Sok-chu, first vice-minister of foreign affairs of the DPRK, on June 24 met with U.S. Senator Bob Smith at the latter's request to meet him when he came to Panmunjom.

Kang Sok-chu talked with him about important matters related to the DPRK-U.S. relations.

'National Indignation Meeting' Held 23 Jun

SK2406110991 Pyongyang KCNA in English 1045 GMT 24 Jun 91

[Text] Pyongyang June 24 (KCNA)—A national indignation meeting of working people denouncing the new war provocation moves and brutalities of the U.S. imperialists and the South Korean military fascist ruling group was held in Sinchon County, South Hwanghae Province, on June 23 on the occasion of "June 25, day of struggle against U.S. imperialism."

Sinchon is widely known to the world as a place where U.S. imperialist aggressor troops while temporarily occupying it during the Korean war, massacred in cold blood more than 35,000 guiltless people, or a quarter of the county population.

Won Tong-ku, chairman of the C.C. [Central Committee], General Federation of Trade Unions of Korea, made a speech at the meeting and he was followed on the rostrum by delegates of workers, agricultural working people and women.

The speakers recalled that the U.S. imperialist aggression Army soldiers committed most cruel and bestial atrocities against guiltless Korean people during the Korean war, such as burning and drowning them to death, piercing a man's nose with wire and driving nails on their heads and that they did not hesitate to commit such a thrice-cursed criminal act as dropping germ and poisonous gas bombs at random, discarding even their international commitments.

They charged that the U.S. imperialists, far from drawing a proper lesson from the ignominious defeat they sustained in the three-year Korean war, are persisting in their "two Korea plot and war policy, entrenched in South Korea still today, 38 years since they knelt and signed the paper of surrender before the Korean people.

They urged the U.S. imperialists to withdraw from South Korea at an early date, taking along all the aggression forces including nuclear weapons, not paying only lip-service to "peace" and "arms cut."

An indignation statement was read out at the meeting.

At the end of the meeting the participants staged a demonstration, loudly shouting slogans denouncing the new war provocation moves and brutalities of the U.S. imperialists and the South Korean military fascist clique and supporting and encouraging the South Korean students and people in their struggle for independence, democracy and reunification.

South Exercises, U.S. Air Exercises 20, 21 Jun

SK2306092291 Pyongyang KCNA in English 0813 GMT 23 Jun 91

[Text] Pyongyang June 23 (KCNA)—The South Korean puppets on June 21 brought 105 mm guns to Chongja-ri, Paju County, and installed them in position and committed a hostile act of threatening us, concentrically firing dozens of shells at points of Yongsan-ri of the same county situated in the area near the Military Demarcation Line [MDL], according to military sources.

Earlier, on the 20th, tank groups of the puppet army deployed in the area of Kumpa-ri, Paju County, fired shells into the area near the Demilitarized Zone of the MDL, and heavily armed bandits sneaked into the area close to Panjong-ri, Yonchon County, hurriedly took positions and fired 12.7 mm large-calibre machinegun bullets.

On the same day, the puppets drove out many tanks, armoured vehicles and artillery units to the area of the upper reaches of the north Han River near the MDL to stage a war exercise for increasing the capacity of river-crossing attack operation.

In separate action, the U.S. imperialists on June 20 and 21 let overseas-based commanding planes fly over South Korea and direct flying corps mobilized in aerial war exercises against the North for long hours.

No's Remarks on Reunification Denounced

SK2506055391 Pyongyang Korean Central Broadcasting Network in Korean 0025 GMT 20 Jun 91

[NODONG SINMUN 20 June commentary: "A Splittist Cloaked in the Guise of Reunification"]

[Text] The South Korean puppets have recently taken to wearing a mask of reunification to cloak the splittist's filthy color.

A case in point was traitor No Tae-u's remarks at the so-called meeting of ministers in charge of reunification issues held a few days ago. In the meeting traitor No Tae-u made sly remarks to make himself appear to be interested in reunification, ending every sentence with "issues related to reunification" or "reunification."

However, just as a hidden needle pricks, the puppet traitor laid bare in full view his splittist calculations even after claiming himself to be a champion of reunification.

Let us first examine No Tae-u's words to his underlings that they study the post-reunification Germany and take thorough steps in preparation.

As has been repeatedly stated by us, since the North and South have different ideologies and systems and since neither side is willing to make a concession to the other side, there is no way of settling our country's reunification question other than the North and South founding a confederal state in unity, leaving the ideologies and systems intact.

If No Tae-u is really interested in the reunification question, he should have expressed his intention to respond to our realistic proposal for reunification, as a matter of course. The puppet traitor, however, babbled about a method of reunification employed by some other country, not suitable to the realities in our country, and then screamed to his underlings to study and prepare for it. What a cowardly man he is!

Such silly remarks can be made only by those who, while standing in the way of the country's independent and peaceful reunification, are determined to realize, at all costs, the criminal reunification through absorption and the wild ambition to reunify the country by prevailing over the North, in collusion with outside forces.

Today, the South Korean people and the world's progressive people insatiably long for our chuche-oriented socialist system established in the northern half of the republic. They see, with certainty, the future of a reunified Korea in the might of our Republic where the party, the leader, and the masses are united as one.

Attempting to undermine our Republic, with the help from outside force is a foolish pipe dream like trying to break a rock with eggs.

The No Tae-u ring should realize that their act as such would only bring into sharper relief their true colors as an anticommunist, antireunification splittist who has not woken up from anachronistic wild ambitions for achieving national reunification through absorption and prevailing over the North.

Equally ridiculous is that in the meeting traitor No Tae-u used the word "one" in referring to the various areas of the North and South, speaking of the "same culture or one economy."

There is no one who does not know that the South Korean puppets are in pursuit of two Koreas, not one Korea. It was none other than the puppets who have deliberately broken up the North-South high-level talks designed to achieve national reconciliation and unity and national reunification by conducting the Team Spirit war exercise of northward invasion with the aggressors.

It was also none other than the puppets who, not satisfied with opposing our proposal for signing a nonaggression treaty, have poured cold water on the atmosphere of reunification by heaping bellicose outburst on the nonexistent nuclear facilities in the North, threatening to launch a preemptive strike at them, not to mention the fact that it was none other than the puppets that have schemed to have two Koreas recognized in the international community by seeking a unilateral admission to the United Nations at all costs after rejecting our realistic proposal for representation in the United Nations with one seat. It was none other than the puppets who have clamped fascist handcuff on the patriotic youth, students, and people who have called for one Korea, including coed Yim Su-kyong, the flower of reunification.

If they aspire for one Korea instead of pursuing division, why do they oppose our fair and just proposal for reunification based on a confederal system and wield a knife against the people who cry for reunification?

It was not out of their desire for one Korea that traitor No Tae-u mouthed the word "one," but a deceptive sophistry designed to oppose the great principle in our proposal for reunification through the founding of a confederal system based on one state, two systems, and two governments; seek the impractical way of reunifying through merger and by prevailing over the North; and to cover up their splittist act of laying obstacles on the road to reunification.

People can hardly conceal their scornful feelings about the puppets who, not satisfied with their pursuit of division, borrow somebody else's words to cloak their true colors.

It is sheer absurdity and a mockery to the nation that the puppets who keep imprisoning the patriots who have visited the North for reunification, who try to suppress the National Council of University Student Representatives [Chondaehyop] which pursues national reconciliation, unity, and reunification, by branding it as an organization beneficial to the enemy, and have made the South Korean patriotic figures who met us abroad to discuss issues concerning the establishment of the Pan-national Union for National Reunification victims of the National Security Law to babble about reunification.

The South Korean people will never tolerate the No Tae-u ring which, while paying lip service to reunification, runs riot, in practice, to stand in the way of reunification.

The No Tae-u ring should abandon its cheap trick to mask its true splittist colors which have been laid bare in full view of the world under the veil of reunification, apologize to the nation for splittist maneuvers it has committed up until now, and step down from the position of power without delay.

Korean Student Committee Conference Held 24 Jun

SK2406152191 Pyongyang KCNA in English 1506 GMT 24 Jun 91

[Text] Pyongyang June 24 (KCNA)—The conference of the Korean Student Committee was held in Pyongyang today.

It discussed how to successfully ensure July 7 talks between Korean students in the North and the South and overseas and August 15 grand reunification festival of Korean students in the North and the South and abroad which were initiated by South Korean students.

The reporter and speakers at the conference said that the initiative of South Korean students to hold the July 7 talks between students in the North and the South and overseas and the August 15 grand reunification festival of students in the North and the South and abroad is a patriotic decision to bring historical meetings between students in the North and the South to success at any cost and thus become standard-bearers and vanguards in realising independent meetings and dialogue between students in the North and the South and promoting national reconciliation and unity and accelerating the reunification of the country.

Their initiative is fully supported and approved by students in the northern half of Korea, they said.

In order to successfully hold the August 15 grand reunification festival of students in the North, the South and overseas within the framework of the 2nd Pan-Korea rally for national reunification, the conference decided to form a preparatory committee for the July 7 talks between students in the North, the South and overseas and the August 15 grand reunification festival of students in the North and the South and abroad and step up their preparations on a large scale from July in close cooperation with the North side's headquarters of the Pan-Korean alliance for national reunification (Pomminnyon).

It also decided to send a delegation of the Korean student committee to the July 7 talks between students in the North and the South overseas.

Chang Chol Talks With PRC Cultural Delegation

SK2406071191 Pyongyang KCNA in English 0458 GMT 24 Jun 91

[Text] Pyongyang June 24 (KCNA)—Chang Chol, vice-premier and minister of culture and art, met and had a friendly talk Sunday with the Chinese cultural delegation led by Vice-minister of Culture Liu Deyou at the Mansudae Assembly Hall.

Present there were Vice-chairman of the Korean Committee for Cultural Relations With Foreign Countries Kim Chin-pom and Counsellor of the Chinese Embassy here Bai Rui.

Message Sent to Vietnamese Communist Party

SK2306100291 Pyongyang KCNA in English 0830 GMT 23 Jun 91

[Text] Pyongyang June 23 (KCNA)—The Central Committee [C.C.] of the Workers' Party of Korea today sent a message of greetings to the 7th congress of the Communist Party of Vietnam.

The fraternal Vietnamese people are actively stepping up the building of socialism, rallied close around the C.C., the Communist Party of Vietnam headed by Comrade Nguyen Van Linh, the message says, and goes on:

Believing that the seventh congress of the Communist Party of Vietnam will mark an important occasion in strengthening and developing the party and making the socio-economic progress of the country, we wish success to the congress.

We are convinced on this occasion that the friendly and cooperative relations between the parties and peoples of the two countries will further strengthen and develop.

Kim Yong-sun Meets With Japan-Korea Group

SK2506011891 Pyongyang KCNA in English 1547 GMT 24 Jun 91

[Text] Pyongyang June 24 (KCNA)—Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, today met and had a friendly talk with the delegation of the Japan-Korea Peasants' Friendship Interchange

Association headed by its Chairman Masao Yoshida, Social-Democratic member of the House of Representatives of Japan.

The head of the delegation expressed support to the joint statement issued by the political parties and public organisations of the DPRK to get the U.S. nuclear weapons deployed in South Korea withdrawn and make the Korean peninsula a nuclear-free, peace zone and stressed the need to actively strive for the normalisation of Japan-DPRK diplomatic relations.

Kim Il-song's DIU 'Great Achievements' Lauded

SK2506093091 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 19 Jun 91

[Unattributed talk: "Great Achievements That Will Shine for Generations To Come—Raising a New Generation of Young Communists"]

[Text] Shouldering the destiny of the fatherland and nation, the respected and beloved leader Comrade Kim Il-song earlier embarked upon the revolutionary road and has caused immortal achievements for the era and nation. After founding the Down-With-Imperialism Union [DIU], the respected and beloved leader carried out revolutionary activities in earnest and has raised a new generation of young communists. This is a great revolutionary achievement recorded in the history of our people's revolutionary struggle as a brilliant chapter.

After founding the DIU, the great leader moved the center of his revolutionary activities to Jilin, which had more favorable conditions for carrying out revolutionary activities. Jilin, the capital of the Jilin Province, was a political, economic, cultural, and transportation center at that time. Many Korean people were living in Jilin, many being patriotic young people who aspired to carry out the anti-Japanese movement, and many other Korean youth and students came to that place from the homeland and various places in Manchuria to study. National movement activists who claimed to be patriots and leaders, and people who pretended to be Marxists, frequently visited this place. Jilin was a stage for the political activities of Korean anti-Japanese movement activists and patriots. This social environment of Jilin was very appropriate for revolutionary activities.

The great leader studied hard at Jilin (Yungmun) Middle School. As he had promised at Hwajon, the great leader carried out revolutionary activities hand in hand with the DIU members who had come to Jilin. In his meeting with the DIU members, the great leader taught: Important tasks assigned to our DIU members today are for us to study advanced ideas more profoundly by ourselves, widely disseminate them among the youth and students, and gradually rally them behind revolutionary organizations.

This statement by the great leader was a valuable teaching that elucidated guidelines on the activities of the DIU, which would take the first step in a new stage of revolutionary activities. The great leader profoundly studied advanced ideas and positively organized the struggle to disseminate them among the youth and students in Jilin at the same time. The struggle to disseminate advanced ideas was waged under very difficult conditions because of the harsh suppression by the Japanese imperialists and China's reactionary warlords, and because of the vicious maneuvers by the nationalists as well as the leftist and rightist opportunists.

The great leader first organized and operated a secret reading group at Jilin (Yungmun) Middle School. Based upon experiences and achievements from it, he had secret reading groups formed in other schools in the city. As a result, following one in (Yungmun) Middle School, secret reading groups were formed and actively operated in (Mungwang) and various other schools in Jilin. The great leader vigorously carried out the work of rallying the youth and students behind organizations, as well as the work of disseminating advanced ideas among them. He closely linked the work of forming new organizations by appropriately merging lawful and unlawful organizations in the work of restructuring existing organizations in a revolutionary manner. In this way, he shortly rallied the youth and students, who aspired for an anti-Japanese struggle, behind numerous organizations.

Based upon his experiences from the founding of the Saenal Children's Union in (Musong), the great leader organized the Jilin Korean Children's Association, a lawful organization, on 10 April 1927 and transformed the Korean (Yogil) Students' Association, which had been formed as a student friendship society under the influence of nationalists, into the Korean (Yugil) Students' Association, a revolutionary popular student organization. As a result of the struggle which the great leader energetically waged without sleeping or resting, Jilin was filled with warm revolutionary sentiments. During those days, the DIU took root in various schools, and the ranks of young communists and youth and students who had advanced ideas rapidly increased.

Based on such achivements, the great leader reorganized the DIU into the Anti-Imperialist Youth League, an illegal youth organization which had a more mass-oriented character, in August 1927 and, thus, rapidly increased the revolutionary ranks. The anti-Imperialist Youth League adopted the struggle program of the Down-With-Imperialism League altogether. Thanks to the energetic leadership of the great leader the Anti-Imperialist Youth League founded many schools in Jilin City, including the Munkwang middle school, the first Jilin middle school, the fifth Jilin middle school, the Jilin teachers' school, the Jilin girls' middle school, and the Jilin law college over a short period of time. In addition, the Anti-Imperialist Youth League built its organizations in the rural area near Jilin city.

The revolutionary flames of the DIU which the great leader ignited in (Hwajin) rapidly expanded over a wide area in less than one year and, thus, the flames of the revolution began to blaze. In the course of this energetic struggle the broad segments of youths and students were armed with national and class consciousness and reliably grew up to be communist revolutonary forces of a new era.

To ensure unified guidance to daily increasing youth organizations and other revolutionary organizations and, in particular, to enhance the vanguard role of young communists in the anti-Japanese national struggle of our country, the great leader organized the Korean Communist Youth League with core members of the Anti-Imperialist Youth League on 28 August 1927. The oranization of the Korean Communist Youth League was a historic event of epochal significance in the development of the youth movement and the communist movement of our country.

The formation of the Korean Communist Youth League made it possible to organizationally guarantee the work of educating the young vanguard, the young communists of a new generation, who pioneered the new road of the Korean revolution, the road of independence, to ensure unified guidance to all anti-Japanese public organizations, and to have mighty revolutionary organizations which play the leading role in pushing ahead with the overall revolutionary movement. The great leader expanded the organizational network of the Communist Youth League into middle schools and colleges in Jilin city, into the whole area along the Tuman River, into such cities as (Tonha), (Anto), (Musong), (Pansok), Changchun, and Harbin, and into vast rural areas. The great leader organized and rallied outstanding core elements who had the strong ambition to fight for the revolution under the league. Thus, he trained and tempered them through their organizational life and practical struggle to foster them to become new, genuine communists.

The work of fostering youths and students into reliablle vanguards of the Korean revolution and genuine communists was by no means smooth, and faced many obstacles. The Japanese imperialists and the reactionary Kuomintang military clique suppressed the work, and nationalists and pseudo-Marxists also obstructed the work. (?Bosses) of the nationalist movement and those who claimed to be the leaders of the communist movement who were in Jilin at that time solely engaged in internal quarrels and in the exercise of empty words with the delusion of achieving the country's independence only by relying on foreign forces, without making efforts to inspire the masses into the revolutionary struggle. They also attempted to lure youths and students to stand at their side with such fantastic and preposterous claims as cultivation of ability and promotion of industrial development, and with such superrevolutionary words as socialist revolution and world's revolution.

The great leader resolutely decided to wage a struggle against the nationalists and pseudo-Marxists who attempted to achieve the country's independence by relying on foreign forces, without relying on the strength of the people of their country, recognizing that he could not lead youths and students to the correct road of struggle without ideologically smashing their reviews and assertions and without frustrating their splittist maneuvers. The great leader met the bosses of the (Hwahyop) faction, the (Sosang) faction, and (Aemael) faction led by Kim Chan, Sin Il-yong, and An Kang-chon who claimed to be the leaders of the early communist movement. At the meeting he criticized their splittist acts and revealed the unwarranted nature of their preposterous theories which were deeply imbued with flunkeyism and dogmatism and which ran counter to the contemporary reality of Korea.

To lead youths and students to realize the limitedness of the nationalist movement the great leader also waged a struggle to refute the empty theories and empty talk of nationalist theorists. The great leader also revealed the truth of the [word indistinct] meeting through [words indistinct] and warned nationalist bosses who were engaged solely in a power struggle in the name of unity. Thus, the great leader led the youths, students, and people to clearly realize the dirty, real intention of nationalists and the truth of their factional disputes.

The great leader Comrade Kim Il-song, in the vanguard of the Korean revolution, energetically opened the genuine road toward the anti-Japanese national liberation struggle. The reputation of the great leader was enhanced among the people as time went by. Cha Kwang-su, Kim Hyok, and other aspiring youth and students, resolved to fight under the great leader's guidance, gathered in Jilin. There were, among them, youths not only from the motherland but also from eastern Manchuria, the Soviet Union's Maritime Province, Japan, and Shanghai and various other Chinese provinces. There were also youths who came to find a new road after being disillusioned with their activities in the Army for National Independence. The great leader warmly received all the people who had come, took care of not only their political lives but also even their personal matters, and gave concrete guidance to them. The great leader waged a struggle to ensure that the youth and students overcome ideological influence from nationalism and factionalism and vigorously carried out the work of restructuring in a revolutionary manner anti-Japanese youth organizations in various places that were under the influence of adherents to factionalism and nationalism.

The great leader sent Cha Kwang-su, Kim Hyok, Choe Chang-kol, Kang Pyong-son, Ko Il-pong, and other communist youth league members to southern and central Manchuria and Kim Chun, who had been director of the Organizational Department of the Eastern Manchurian General Youth League, and many other Communist Youth League members to all of eastern Manchuria and the area of our country's northern border. He himself frequently went to (Kyoha), (Tonha), Chialun, (Ando), and (Musong) to awaken the youth and students, who had been under the influence of nationalism, to advanced ideas and rallied them behind the Anti-Imperialist Youth League and the Communist Youth League.

Under the great leader's energetic guidance, the (Yosin) and (Nabop) Youth Associations in (Kyoha), which had been under the influence of nationalism, and youth organizations in various other places were restructured in a revolutionary manner. Also, genuine communist forces were formed inside the Eastern Manchurian General Youth League, which had been under the influence of adherents to factionalism. Also, numerous youth and students in the (Taesong), (Tonghung), and (Unjin) Middle

Schools in (Yongjong) embarked upon a genuine revolutionary road. In addition, in waging a practical revolutionary struggle against the Japanese imperialists and the reactionary Nationalist Party warlords, who had colluded with them, the great leader positively raised a new generation of Communists. The struggle against the brutal suppression by the reactionary Chinese warlord authorities that started in mid-February 1927 under the energetic leadership of the great leader, the strike that the students of Jilin (Yungmun) Middle School waged in the summer of 1928 against the reactionary teachers, and the struggle which was waged in October-November 1928 to oppose the construction of the Jilin-Hoeryong Railway Line as well as rejecting Japanese goods were of great significance in raising and training a new generation of Communists. Truly, the revolutionary activities which the great leader of the revolution carried out to raise a new generation of Communists and to rally the youth and students behind revolutionary organizations were a brilliant struggle to newly develop the Korean revolution.

Through the revolutionary activities which he carried out in and around Jilin, the great leader raised numerous new-generation Communists who devotedly fought only for the liberation of the fatherland and the revolution without being tainted by factionalism and opportunism, which had very harmfully affected preceding communist movements. In this way, he built a strong basis that firmly guarantees a brilliant victory in the Korean revolution and brought immortal achievements for the era and the revolution.

The immortal revolutionary achievements which the respected and beloved leader Comrade Kim Il-song brought about as well as those historical days will eternally be brilliant together with our revolution which is advancing (?by leaps and bounds).

Vigorous Organizational, Political Work Stressed

SK2506044491 Pyongyang Korean Central Broadcasting Network in Korean 0007 GMT 20 Jun 91

[NODONG SINMUN 20 June special article: "Vigorous Organizational and Political Work Is Important Key To Accomplishing Party Policy"]

[Text] The great leader Comrade Kim Il-song's teachings and the party's policy are the firm guideline inspiring our functionaries and workers to the struggle and renovation.

Early this year, the great leader Comrade Kim Il-song clearly expounded economic tasks facing our South Hamgyong Province, and dear leader Comrade Kim Chong-il put forward militant tasks calling on us to direct great strength to major plants and enterprises, including the Komdok Mine Complex and 8 February Vinalon Complex.

This year, party organizations, functionaries, and workers of South Hamgyong Province are faced with a glorious mission to successfully carry out difficult and enormous tasks put forward by the party and the leader.

To successfully accomplish this mission, party members and provincial workers are carrying out a vigorous struggle. Successes attained in the provincial economic works are proof of the justness of the party's policy which urged party organizations at all levels to vigorously carry out organizational and political work.

Party organizations' political work is a duty of party organizations and party functionaries, and activities and combat capabilities of party organizations depend on how excellently they carry out this work.

Upholding the dear comrade leader's policy for party work, our South Hamgyong Provincial Party Committee directed its strength on a priority basis so that party organizations and party functionaries substantively carry out the organizational and political work to accomplish the party policies in conformity with their functions and duties.

Since they firmly turned the party work into the work with people, and supported economic works in a political manner—the manner of the party, a turning point was effected in ideological outlook, in the way of thinking, and in the work style of the party members and workers, and heroic exploits were created in implementing economic tasks.

The vitality of the party policies also appeared in the party work. What is important in organizational and political work to accomplish the great leader's teachings and the party policy is, above all, to greatly inspire the functionaries.

Cadres are the core elements of the party and commanding members of the revolution who organize and guide the implementation of the party policy.

Only when functionaries carry out their work actively will the masses carry out their work actively and successes be won in economic work.

Immediately after the great leader put forward economic tasks for our province, our Provincial Party Committee held a gathering of managers of major plants and enterprises and party secretaries in the province, as well as responsible functionaries from provincial-level organizations, cities and counties, to thoroughly and unconditionally implement these economic tasks. Thus, the Provincial Party Committee enhanced self-consciousness among functionaries and inspired them.

At the gathering, they discussed strengthening combat capabilities of party organizations and highly demonstrating the revolutionary spirit, the party spirit, the working-class spirit, and people-mindedness among functionaries.

Holding such a gathering immediately after the tasks were put forward, unlike in the past when a meeting and rally were held several days later, brought about practical effect. Thus, functionaries were fully prepared for the work from the very beginning and firmly resolved to accomplish the party's policy-level tasks by all means.

In addition to inspiring the core members, we held a province-level mass rally, a rally in each plant and enterprise, and a meeting in the party organizations and workers' organizations. Besides, the Provincial Party Committee paid attention to inspiring the party members and workers in major enterprises to which the party directed special strength.

In inspiring party members and workers, it is important to make them realize the party's lofty trust in and expectations for them and to carry out political work in such a way as to enhance the spirit for absoluteness and unconditionality for the party policy, the spirit for self-reliance and arduous struggle, and consciousness and sense of responsibility as the masters of the revolution.

Because the time was correctly set, the targets clearly established, and organizational and political work aggressively carried out, everyone was filled with revolutionary passion and creative zeal.

Assessments [pyongka] made many times by the great leader and dear comrade leader worked as a factor which resulted in ardent loyalty and which will effect a greater advance in the future.

What is also important in organizational and political work to carry out the great leader's teachings and the party policy is for party functionaries to constantly deepen the work with people by extensively mingling with the masses.

Dear leader Comrade Kim Chong-il has indicated: As the great leader has taught, the party functionary is a professional revolutionary and educator and organizer of the masses. Party functionaries should always mingle with the masses and firmly unite the broad masses with the party and the leader by aggressively carrying out the organizational and political work so that they unanimously rise in the work of implementing the leader's teachings and party policy.

The party functionary is a political functionary who carries out the work with people. The policy as to how party functionaries should carry out the work with people has been clearly put forward. Thus, the party organizations and party functionaries should keenly understand the party's policy calling for proper implementation of the work with people and should properly carry out this policy.

Upholding the dear comrade leader's policy for the party work, we led the party organizations and party functionaries so as to properly carry out and deepen the work with people. At the same time, functionaries of the provincial party, including those of the organizational part of the provincial party committee, led party organizations and party functionaries at the lower echelon with practical examples.

The provincial party committee saw to it that the functionaries of the provincial party, including the responsible functionaries, go down to major plants and enterprises including the Komdok Mine Complex, the 8 February Vinalon Complex, and the Hungnam Fertilizer Complex. They held informal talks with workers and technicians in the units where leadership achievements of the great leader and the dear comrade leader were maintained and in the units which functioned as key parts in implementing the party policy. They also visited homes of workers and technicians so that the work with people could be deepened.

For example, the responsible functionaries of the provincial party often went down to the carbide and electric furnace areas in the 8 February Vinalon Complex, (?comforted) functionaries of infrastructural party organizations, and unreservedly mingled with workers and technicians. Thus, they made all-out efforts to accomplish the party policy.

While staying in one unit for a lengthy time rather than going around here and there, they taught the method of working with the masses from all walks of life, as well as the method of conference and inspiring the masses. This method was very effective. Hearing the opinions of old technical workers, technicians, and young workers during the visits to their homes and the timely resolution of the problems raised by them also had good repercussions.

This can be considered the fruition of the party's demand that functionaries of the provincial party personally mingle with the production masses in lower echelons and share their joys and sorrows.

The workers say they always gain in strength since not only the party functionaries in their own plant and enterprise but also functionaries of the provincial party often come to their workshops and encourage and lead them. Thus, they are vigorously pushing ahead with revolutionary tasks.

It is the duty of all party functionaries, not just a limited number of party functionaries, to go down and work at plants, enterprises, and cooperative farms.

In particular, responsible functionaries should pay greater attention to guiding the lower echelons. Therefore, we worked out a correct plan for all party functionaries to go down to the lower echelons, and we saw to it that this plan was properly implemented.

Functionaries of the organizational department of the provincial party committee went down to the low echelons according to the plan and, in a prepared manner, substantively helped them and deepened the work with people. As a result, functionaries in the lower party organization, including those of the party committee in the complex, excellently carried out the work with people.

The responsible party functionaries in the 8 February Vinalon Complex properly carried out the work with technicians and actively organized and mobilized them in implementing the great leader's teachings and the party's intentions. When a test was conducted to introduce new technology for the (?closed) carbide electric furnace, they stayed with and encouraged the technicians. Thus, they saw to it that the test was successfully conducted in a short time and submitted a report on the success to the party.

They also were attentive to the personal lives and health of the technicians, actively helping them solve their problems so that they could give full play to their knowledge and work method. Thus, they contributed to completing the production process for highly durable vinalon thread and for cargo inspection (?tools).

Party members and the working class in the Yongsong Machine General Bureau created an unprecedented miracle in manufacturing 4,000-horse power compressor by upholding the great leader's teachings. This was attributed to the fact that the responsible functionaries extensively mingled with major units, including (?Cell) One of the assembly unit of the first machine workshop, and excellently carried out the work with workers and technicians. Thus, they introduced several hundred technical innovation plans.

In the Hungnam Fertilizer Complex and many other major plants and enterprises, party functionaries extensively mingled with party members and workers and vigorously carried out the organizational and political work to thoroughly implement the great leader's teachings and the party policy—the embodiment of his teachings—while working and living with them.

Through the practical course of work, we came to keenly realize how just the dear leader Comrade Kim Chong-il's policy is and what great vitality it has. This policy elucidated on giving party-level support for implementing the revolutionary tasks by thoroughly turning the party work into the work with people and by inspiring the people's ideas and zeal.

What is important in organizational and political work to implement the great leader's teachings and party policy is to strengthen the harmonious and cooperative operations between sections and divisions and for the provincial party and party committee in plants and enterprises to unite their strength.

Only when harmonious operations and cooperative operations are properly carried out between sections and divisions can the work of implementing the party policy be carried out in a unified manner and the overall works of the party be carried out properly. What is important in doing this is to see that sections and divisions carry out their works in a responsible manner in conformity with the demand of their functions.

We saw to it that the organizational department enhance the role of functionaries and deepen the work with party members and masses, that the propaganda department strengthen ideological indoctrination work among the party members and workers, and that the department of youth and three revolutions teams strengthen the role of the youth as a shock brigade, and vigorously carry out the technological innovations. We also ensured that the department of workers' organizations and economic departments keep step with each other in carrying out the policy and tasks of the party so that they play their role properly.

The three revolutions team members who were dispatched to the 8 February Vinalon Complex personally participated with technicians and functionaries in the enterprise in introducing new techolgoy. When a difficult test was conducted, they resolved to work hard with technicians and, thus, contributed to the success of the test. The youth in this complex vigorously carried out the movement of a youth shock brigade.

Great feats of youth and three revolutions team members also were accomplished at the building site of the workshop for the oxygen separator in the 8 February Vinalon Complex and in the battlefield for expanding and modernizing the facilities in Hungnam Fertilizer Complex.

The sections, divisions, provincial parties, and party committees of the complex united their strength, paid great attention to fulfilling the militant tasks advanced by the party, and strengthened organizational and political work. As a result, a remarkable change is being effected in their work.

We came to have the confidence that when the combat capabilities of party organizations are highly displayed, there is nothing that we cannot accomplish.

Upholding the policy of the dear leader Comrade Kim Chong-il for party work, we should continuously deepen the organizational and political work in conformity with the demand of the developing realities. Thus, we are firmly resolved to consolidate the single-hearted unity between the party and the masses and to fulfill without fail the tasks assigned us by the party for the socialist construction.

South Korea

Trade on Agenda for No Tae-u, Bush Meeting

SK2506063091 Seoul YONHAP in English 0529 GMT 25 Jun 91

[By Kim Hong-sok]

[Text] Seoul, June 25 (YONHAP)—As president No Tae-u's visit to the United States draws near, government officials and businessmen are busy sorting out which of the heaps of economic issues should be in the president's briefcase.

Despite general agreement that the allies should now develop their economic relations on an "equal" footing, some economic experts say the government is bending too much to U.S. influence in charting out its schedule for economic restructuring.

The government has been positively answering persistent U.S. demands to open up the market and the result is "unprofitable or hemorrhagic business," these Korean experts say.

Bilateral economic relations began in the form of U.S. aid to South Korea after the Korean war (1950-53) and proceeded to loans in the 1960s, during Korea's struggle for economic development. A simple form of two-way trade took root in the 1970s and mutual investment and technical tie-ups were added in the 1980s.

The U.S. Administration began to control Korean exports of textiles, steel and home appliances in the early 1980s and to pressure for market-opening in the mid-1980s. This spilled over to the agricultural and service markets in the late 1980s.

The U.S. call did not stop at opening the Korean market but included eliminating all administrative controls and non-tariff barriers that hinder U.S. exports to Korea.

"We believe the U.S. pursuit of free trade is well-motivated, not only in our relations but also in the world as a whole. We are often compelled to wonder, however, if the U.S. campaign for free trade is following a double standard," a researcher at an economic think tank charges.

Some Korean exporters complain that the United States is unfairly restricting imports while posing as a free trade campaigner.

Korean goods face more intense anti-dumping investigations, stricter quotas and complicated customs procedures in the U.S. market, they contend.

"These measures may be commonly used by world trading nations but they run counter to the spirit of free trade. The U.S. trade policy is losing sympathy abroad as it increasingly resorts to such measures," the researcher says.

Korea recorded a surplus of 9.6 billion dollars in trade with the United States in 1987, but this had dwindled to 2.4 billion dollars in 1990. During the first four months of this year, the surplus was replaced by a deficit of 980 million dollars and the trade balance is expected to be even by the end of the year.

Equilibrium in bilateral trade may look fair, but when national power, the nature of the exports and imports, and per capita imports are compared, it is obvious that Korea is doing poorly in business with the United States, the experts say.

According to a Trade and Industry Ministry report, per capita imports of Korean goods by America has shrunk from 87 dollars in 1988 to 83 dollars in 1989 and 77 dollars in 1990. In contrast, per capita imports of American goods increased from 304 dollars in 1988 to 375 dollars in 1989 and 392 dollars in 1990.

If things continue to go as they are now, per capita imports of U.S. goods will exceed 400 dollars by the end of the year.

Last year, per capita imports of American goods in Korea exceeded those in Germany (302 dollars), France (242 dollars), Italy (138 dollars) and Mexico (329 dollars).

"Equal partnership in the economic arena is essential for the sound development of bilateral relations and such a partnership is possible when neither of the two sides seek to impose on the other side," says an economic expert, berating the government for what he sees as a reckless accommodation of U.S. demand.

With president No's visit to Washington less than a week away, expectations are swelling at such major business organizations as Korea Chamber of Commerce and Industry, the Federation of Korean Industries and Korea Foreign Trade Association.

They hope No will do his bit to enhance U.S. understanding of Korea's economic situation, convey the Korean enterprises' wish to gradually, not drastically, open Korea's financial market, and tell the Americans that Korean firms are ready to participate in post-war projects in the Middle East in consortiums with U.S. companies or in other any other form.

No would also please them if he seeks U.S. cooperation for Korean businesses to advance into the North American free trade zone.

No Addresses Veterans on Unification Issue

SK2406083491 Seoul YONHAP in English 0743 GMT 24 Jun 91

[Text] Seoul, June 24 (YONHAP)—The critical moment for unification of South and North Korea will come sooner than expected, and North Korea will be unable to maintain its closed system for more than four or five years, President No Tae-u told veterans of the Korean war on Monday.

"We hope North Korea's moves such as its decision to join the United Nations, favorable indications it will accept international inspection of its nuclear facilities and negotiations on Pyongyang-Tokyo normalization are the onset of openness," No said at a party hosted by the Korean Veteran Association to mark the 41st anniversary of the outbreak of the Korean war on June 25, 1950.

"If North Korea recognizes that it cannot achieve any of its goal by force, it will have no choice but to change. We should keep our security system to deter any misadventurous ploys as this is the key to peaceful reunification," he said.

North Korea has shown reluctance to open as it fears openness might bring down its social system, No said, but if North Korea opened up and gradually changed it would be good not only for the North but for the South.

North Official on Improved Relations With U.S.

SK2506072491 Seoul YONHAP in English 0622 GMT 25 Jun 91

[Text] Los Angeles, California, June 25 (YONHAP)—A senior North Korean official, giving a farewell news conference after a month touring the United States, Monday predicted an improvement in relations between Pyongyang and Washington.

The "unprecedented" lack of travel or communication restrictions was "a prelude to America's favorable attitude" toward improving Pyongyang-Washington relations, said Han Si-hae, vice chairman of the Committee for Peaceful Reunification of the Fatherland. He was scheduled to fly home on Tuesday morning.

He said his trip, which took him to New York, Washington, Baltimore and Los Angeles, had shown him that Pyongyang-Washington relations would improve.

He led a delegation of four North Korean Christians and seven scholars to attend the 203rd General Assembly of the

Presbyterian Church of America and a seminar on unification of South and North Korea sponsored by William Carey University.

Asked if other senior North Koreans would visit the United States while South Korean President No Tae-u was at the United Nations in September, Han said: "Let's see."

Han was head of the North Korean observer mission to the United Nations in 1977 and now heads a department of the North Korean Workers' (communist) Party Central Committee.

Envoy on Canada's Rejection of North Overtures

SK2506060791 Seoul YONHAP in English 0520 GMT 25 Jun 91

[Text] Seoul, June 25 (OANA-YONHAP)—Canada has rejected overtures from North Korea to normalize diplomatic relations and is not prepared to discuss the issue unless Pyongyang meets two conditions, the Canadian ambassador to Korea said Tuesday.

The conditions are opening all of its nuclear facilities to outside inspection and making meaningful progress in inter-Korean dialogue, Ambassador Brian Schumacher said.

The two countries have been engaged in informal discussions at counsel level in Beijing for over a year and the North Koreans have clearly expressed a wish to improve relations with Canada, he said.

They also specifically mentioned active commercial exchanges, including increased purchases of Canadian grains, and opening a trade office in Canada.

His government's reaction to these proposals, Schumacher said, was that "it was far too early for that kind of a step."

There are also debt issues to be solved, he said. Two Canadian banks, through an international consortium, have made loans to North Korea and there are commercial debts still to be paid back from Canadian exports to Pyongyang, the ambassador said.

Pyongyang has been initiating active diplomatic gestures for the past six months, a step in line with its moves toward Japan, and this "is not an isolated incident," he said.

Canada, like all other members of the International Atomic Energy Agency (IAEA), is "very, very concerned" about North Korea's nuclear facilities and demands that Pyongyang "immediately meets its commitment and comply with the nuclear safeguards agreement," the ambassador said.

President No Tae-u's scheduled summit with Canadian Prime Minister Brian Mulroney would cover global and trade issues as well as the IAEA and the Asia-Pacific Economic Cooperation (APEC) ministerial meeting in Seoul this November, Schumacher said.

The fact that Trade and Industry Minister Yi Pyong-so was accompanying No showed how important bilateral economic relations were, the ambassador said. No, after a state visit to Washington, will be in Canada July 3- 5.

Korea-Canada business commitment covers technology transfer and entry to third markets, and future exchanges would be highlighted in three major fields, nuclear engineering, aerospace and telecommunications, Schumacher said.

On the NAFTA (North American Free Trade Agreement) signed earlier this month by Canada, Mexico and the United States, the ambassador said the countries were "not seeking inward-looking agreement" through the pact.

The impact of NAFTA on Korea can be either positive or negative, depending on whether Seoul will experience trade diversion or trade creation.

Trade diversion, led by NAFTA's low tariff system, will create a preference for North American products that may hurt Korean export activities, but NAFTA will lead to high economic growth among the signatory countries, which may have a trade creation effect and provide opportunities for Korean businesses, he said.

"Korean penetration of the Canadian market is 2 percent," he said, compared to 4 percent in the United States, adding that this pointed to better and wider economic opportunities in Canada.

Intellectual Property Rights Meeting With EC

SK2506022891 Seoul YONHAP in English 0153 GMT 25 Jun 91

[Text] Brussels, Belgium, June 24 (YONHAP)—South Korean Trade and Industry Minister Yi Pong-so has proposed to the European Commission that the two sides conclude their intellectual property rights negotiations in a meeting of experts in September.

Yi told Commission Vice President Frans Andriessen in talks at the headquarters of the 12-nation European Community Monday that Korea would positively consider EC demands that it protect the intellectual property rights of EC goods, including pharmaceuticals, after 1997.

In return, the EC should take the same positive attitude toward negotiations in September to resolve issues that have remained unsettled since 1987, an official who attended the meeting quoted Yi as saying.

Andriessen, who is also EC commissioner for external relations, visited Seoul in late May to attend the seventh Korea-EC senior policy consultative meeting. He asked for continued protection of EC intellectual property rights after 1997, but Yi said the year was a deadline.

Yi said Korean finance market opening was being carried out slowly to avoid the possibility of monetary policy, including inflation controls, being badly affected by full market opening in short time.

Yi expressed concern over imposition of anti-dumping duties on Korean videotape recorders and car radios, asking the EC to make efforts to draw a fine line lest the measures are exploited as trade barriers.

He also called on the EC to help correct import restrictions in france on Korean automobiles immediately as they ran counter to international trade practices.

Bank of Korea on Domestic, Foreign Debt

SK2406085591 Seoul YONHAP in English 0543 GMT 24 Jun 91

[Text] Seoul, June 24 (YONHAP)—Corporate debts increased over 28 percent last year, primarily due to the prolonged stock market slump and worsened profitability, the Bank of Korea said Monday.

Their aggregate net liability was 143,684.7 billion won (198.2 billion U.S. dollars) at the end of March, up 28.5 percent from one year before, the central bank said. Net liability is total liability minus total assets.

Loans from various financial organizations totaled 278,790.3 billion won, versus total assets of 135,105.5 billion won, for aggregate net liability of 143,684.7 billion won, an increase of 40,919.2 billion won from March 31 last year.

Financial institutions, non-commercial private organizations and small manufacturing companies with annual turnover of less than 250 million won, and agents and brokerage companies with turnover of less than 60 million won, were excluded from the calculations.

The central bank attributed the sharp increase in external debt to the difficulty of raising capital on the stock market and to a sharp decline in profitability.

The government's growth-oriented policy, which funneled enormous amounts of money to businesses, contributed to the increase in liability, it said.

The businesses themselves refused to raise funds by disposing of idle land and chiefly relied on loans, the bank said.

Bank loans amounted to 52,620.1 billion, up 25.6 percent from a year earlier, and funds raised by issuing corporate bonds amounted to 50,485.7 billion won.

Borrowing from other sources, such as credit unions and agricultural or fisheries cooperatives, totaled 30,647 billion won.

Debate on Rice Market Opening Considered

SK2506030191 Seoul THE KOREA TIMES in English 25 Jun 91 p 8

[By assistant economic editor Pak Chang-sok]

[Text] Today is the 41st anniversary of the fratricidal Korean War. During and after the three-year war when the country was in a sorry economic state, Vietnamese rice was at times distributed to Koreans who had difficulty keeping the pot boiling. Rice was the dream and ideal of Koreans who had long been reduced to extreme poverty. Things have changed a lot in the face of the rapid industrialization and subsequent ever-intensifying trade competition. People's thinking about rice has also changed. Rice is on the verge of being treated as a mere commodity in global trade bargaining, being led by the major industrialized economic powerhouses.

By most accounts, rice looms on the horizon as the prime concern of the advanced countries. For now, the Korean rice industry faces untold challenges and obstacles to survive a whole turbulent wave of fierce competition with foreign products.

There are a lot of negative signs in both bilateral and multilateral negotiations—enough to expect a disastrous blow awaits the Korean farmers. World trade negotiators bargaining under the General Agreement on Tariffs and Trade (GATT) have recently agreed on a tight timetable in efforts to achieve the breakthrough necessary to complete the Uruguay Round of trade liberalizing talks by the end of this year. Ministers from the Organization for Economic Cooperation and Development (OECD) took a similar position agreeing that the Uruguay Round talks were top priority and should preferably be completed by the end of 1991.

Currently at the top of international economic agenda is the state subsidies for farm products, over which the United States and the 12-nation European Community (EC) have been at loggerheads. The EC is trying to protect its network of small family farms and the United States and other agricultural exporting countries insist on slashing of farm handouts which they say are unfair and distort world markets. The U.S., a robust proponent of the rice market open-up, aims at laying the groundwork for completion of the four- year tortuous world trade talks at the summit of the Group of Seven economies beginning July 15 in London.

On top of these international moves, drawing public attention is the ROK-U.S. summit talks scheduled in Washington for early next month, in which observers expect rice to become one of major agenda items for discussion. What draws our eyes in particular is the change of the Japanese stance toward the minimum market access. Although it has not yet officially revealed its stance, Japan seems to have decided on the opening of its rice market by 3-5 percent, ostensibly bowing to the tenacious American pressure.

Korean rice is not at all competitive with foreign rice, both in terms of price and quality. The result of the local rice market's opening to foreign produce may be foreseen. It would be like a game between professionals and amateurs, giants and dwarfs. The price of Korean rice is five times that of Californian rice and 10 times as high as that of Thai or Vietnamese rice.

In Korea, rice farming still constitutes a major part of the country's agriculture, accounting for 50 percent of farmers' total income and 60 percent of the entire arable land. A recent report on middle-income earners' stampede on illegally-marketed Californian rice well indicates how the domestic rice market will go on if it is open to foreign produce. In this context, the opening of rice market will no doubt have a far-reaching and horrendous impact upon the Korean agricultural economy.

Some say that Korea will have to open up its rice market as the U.S. will insist on it following suit, if the Japanese market opens. It is unfair and unwise to compare Korea with Japan in the opening of rice markets. Korea is totally different from Japan in all respects agriculturally. Japan has steadily developed its agriculture to international level by boldly investing in improving quality and distribution channels. It took about 30 years for Japan to open up its rice market from the time it started to import bananas. This means there is a need for a cautious study for the liberalization of agricultural markets. The Japanese approach is compared with that of Korea which began importing bananas recently. Some countries insist on non-trade concerns (NTC) for rice in the global trade negotiations, underlining food security. The concept of "food security" should be particularly fruitful for Korea in view of the fact that the Republic of Korea is still at technical war with North Korea, says Hyon Ui-song, well-versed in grains.

The U.S. seems to be trying to complete the Uruguay Round talks focused on rice this year because in 1992 it will be distracted with November presidential elections. This obviously stems from political considerations by the Bush administration, aiming at farmers' votes in the coming elections. In a sense, it is understandable for the U.S. to call for the opening of Japanese agricultural market in view of a huge bilateral trade surplus in Japan's favor. But, it is different for Korea whose trade balance with the U.S. has fallen into the red of late. Now is the time for negotiators to consider cautiously what is truly fair for global traders. Korea is not yet ripe for a rice market open-up.

Reserve Conscripts To Work in Factories

SK2206024691 Seoul YONHAP in English 0152 GMT 22 Jun 91

[Text] Seoul, June 22 (YONHAP)—The government will assign 10,000 to 15,000 reserve conscripts to small- and medium-sized textile, machinery and parts factories and foundries in September, Assistant Trade and Industry Minister Kim Tae-chun said Friday.

The government is working on the standards for employment of military personnel and will select firms next month. Priority will be given to small- and medium-sized firms and to companies specializing in ultra-modern technology, he said.

According to a Korea Chamber of Commerce and Industry [KCCI] survey, over 1,100 small and medium companies hope to employ 21,500 reserve conscripts. If companies not covered by the KCCI survey are taken into consideration, it is safe to say that over 30,000 such workers are needed on production lines, ministry officials said.

They said construction firms are in dire need of over 3,500 workers.

The government earlier planned to allow employment of reserve conscripts only by construction firms with 200 or more employees that carry out projects overseas, but decided to include those with 100 or more employees that do projects at home.

The government will mobilize young men called up to do their military service as reserve conscripts, some 150,000 to 160,000 every year, on production lines and construction sites to ease the worsening manpower shortage.

The conscripts can choose either to serve 18 months in the military or spend five years working in industry. They can also choose the company and the job.

Basic training will be shortened from six weeks to four for the soldier-workers, and if they do not have a licensed skill they can go through approximately six months training to get a license.

Dissidents Hospitalized on 12th Day of Protest

SK2406095391 Seoul YONHAP in English 0922 GMT 24 Jun 91

[Text] Seoul, June 24 (YONHAP)—Two wanted dissidents were hospitalized Monday on the 12th day of a hunger protest at Myongdong Cathedral and police said they would be arrested as soon as they are restored to health.

Han Sang-yol, co-chairman of an association of 55 dissident groups, and Yi Su-ho, executive chairman of the association, were carried out on stretchers and taken to the intensive care unit of a hospital in Yoido by two ambulances escorted by four patrol cars.

As he was carried out of the second floor of the cathedral's culture hall, Han shouted, "Hurrah for the grand solidarity." Yi was silent, and apparently exhausted.

Their hospitalization came three minutes after cathedral officials spoke to them. The dissidents refused to be hospitalized, insisting they would continue fasting until June 28 and to leave the cathedral on June 29, when an anti-government rally is slated.

"We called the ambulances as we cannot sit and watch their health deteriorating to critical condition due to the hunger protest," a church official said.

Neither shows any particular health problems, though they are suffering from dehydration and are being fed intravenously, according to doctors who examined them.

The police say they will be arrested as soon as they recover their health.

The police, which had sealed off the church with 3,600 riot troopers, are expected to ease their guard soon.

Three others for whom arrest warrants have been issued and several other officials of the dissident association remain in the cathedral.

Prosecution Releases Figures on Election Fraud

SK2206000691 Seoul THE KOREA HERALD in English 22 Jun 91 p 3

[Text] A total of 78 people have been arrested for various election riggings since Jan. 14.

The prosecution said yesterday that 797 have been booked without physical detention for violation of election laws in the March and Thursday's local elections.

Of the candidates 15 for local councils have been put behind bars and 246 have been booked without physical detention, according to the prosecution.

Five eligible voters have been arrested for receiving gifts and money from candidates, the prosecution said.

A prosecution official said that the statistics showed that more violations of election-related laws by candidates in the two local elections were reported than in the previous elections.

Violations of election laws include offering bribes, gifts and banquets to constituents and distributing pamphlets and other materials slandering other candidates.

Voters who demanded money or gifts from candidates have also been arrested, said the prosecution official.

On Wednesday alone, the prosecution placed under arrest nine people for election riggings.

Yi Ki-taek Refuses To Leave DP Leadership

SK2506014791 Seoul THE KOREA TIMES in English 25 Jun 91 p 2

[Text] Yi Ki-taek, president of the splinter Democratic Party [DP], refused yesterday to step down from his post despite pressure from some party lawmakers who want him to take responsibility for the DP's serious defeat in last week's local council elections.

In a meeting with DP lawmakers, Yi said now is not the proper time for the party to take issue over who is responsible because it needs to strengthen its struggle against the ruling camp.

The DP will slide into endless inter-party feuding if he resigns now.

NDP Efforts To Regroup After Election Viewed

Opposition Parties Coalition Eyed

SK2206065191 Seoul YONHAP in English 0632 GMT 22 Jun 91

[Text] Seoul, June 22 (YONHAP)—Opposition parties, dealt a crushing defeat in Thursday's polls, said Saturday they would form a coalition party with the nation's dissident forces.

The Supreme Council of the New Democratic Party [NDP], led by Kim Tae-chung, said it had decided to create a "pan-national" party.

This is the first word from the NDP since the news in the morning that Kim was having health problems brought on by the shock he received when the ruling Democratic Liberal Party won 65 percent of the seats on the local councils.

The party will form a committee of seven or eight officials to get down to work on uniting the opposition and dissident forces, NDP spokesman Pak Sang-chon said.

"The concensus of the meeting was that merging with the Democratic Party [DP] alone was meaningless and we should bind together all the opposition and dissident forces," Pak said.

Taking responsibility for the election disaster, nine supreme council members, nine post-holders and Pak handed in their resignations.

Kim did not attend the meeting because of his health and was hospitalized in the afternoon. There was no word on what was wrong with him.

The proposal to bring the opposition and dissident forces together has the support of Democratic Party officials, who have strongly raised the need for it to avoid a defeat in the general and presidential elections next year.

The DP will hold an expanded post-holders' meeting Monday to discuss the "crisis" and the main topic, according to a DP source, will be the resignation of party head Yi Ki-taek. The post-holders are also expected to resign in Monday's meeting.

The resignations of the two party leaders will surface as the hottest political issue, with furious debate within the parties.

Another conflict looms in the form of people who prefer a merger of the NDP and DP rather than a coalition with dissident forces.

Kim Tae-chung's Resignation Sought

SK2406032591 Seoul YONHAP in English 0239 GMT 24 Jun 91

[Text] Seoul, June 24 (YONHAP)—Kim Tae-chung hinted Monday he might put his position as president of the major opposition New Democratic Party [NDP] to a vote at a party convention in early July.

"The result of the local council elections was inconceivably bad. As party president, I earnestly apologize to the people and party members. I think that I should take responsibility for the result," Kim told NDP lawmakers at the National Assembly after being released from hospital.

The NDP won 166 of the 866 seats in last week's election and the ruling Democratic Liberal Party took 564, or 65 percent of the total.

The resounding defeat rekindled debate over Kim's leadership and opposition unity, with a group of outspoken lawmakers calling for his resignation as party head.

Reps. Cho Yun-hyong, No Song-hwan, Chong Tae-chol and Kim Chong-wan, promoters of an opposition merger, said Monday the NDP leader should resign instead of seeking an endorsement of his leadership through a party convention. They said any efforts to unite the opposition would fail unless Kim stepped down.

The intra-party chasm is expected to widen as Kim's followers are criticizing the merger promoters for agitating dissension and demanding they make clear whether they will work together for the party or leave it.

Meanwhile, the splinter Democratic Party has agreed to maintain the present leadership system headed by party President Yi Ki-taek "for the time being."

The party made the decision Monday morning in successive meetings of party office-holders and senior party members held to discuss its defeat at last week's elections.

NDP Decides To Maintain Leadership

SK2406161191 Seoul YONHAP in English 1245 GMT 24 Jun 91

[Text] Seoul, June 24 (YONHAP)—The leading opposition New Democratic Party [NDP] officially decided to maintain present leadership despite mounting criticism raised among political commentators over party leader Kim Tae-chung's leadership.

A caucus of NDP lawmakers and party affairs executives also decided not to have a party convention, the holding of which Kim earlier talked of as a chance to put his leadership to a vote.

In a rising vote which came after an eight-hour-long heated debate, a motion calling for the retaining of the existing leadership was accepted by 50 ayes against no noes. Five other participants abstained from voting.

A devastating defeat in Thursday's local council election touched off a fierce intraparty debate over Kim's leadership, with a group of outspoken lawmakers calling for his resignation as party head for the realization of a grand unity of all opposition forces of the country.

Opposition Party Merger 'Unlikely'

SK2506094991 Seoul YONHAP in English 0907 GMT 25 Jun 91

[YONHAP report by Kim Hyong-kun: "Opposition Parties Unlikely To Forge Coalition"]

[Text] Seoul, June 25 (OANA-YONHAP)—South Korea's opposition parties are doing plenty of talking about forming a coalition, but little to nothing is actually being done.

Kim Tae-chung's New Democratic Party [NDP], in a meeting of post-holders and lawmakers, decided Monday to form a seven-member committee to work on forging unity with other opposition parties.

Yi Ki-taek's Democratic Party says it will positively propel the much-touted opposition coalition, but now is the wrong time.

In last week's local elections, the ruling Democratic Liberal Party won 65 percent of the 866 seats, leaving the opposition in disarray and wracked by conflict over demands from some quarters for a coalition to contest general and presidential elections next year.

The idea is foundering as Kim and Yi, who reform-minded lawmakers say are the biggest obstacles to opposition unity, are still on their thrones despite voices from inside and outside the parties for them to step down and take responsibility for the resounding defeat.

The charismatic Kim was given a vote of confidence on Monday. Fifty-six NDP lawmakers and post-holders voted on Kim's future and 51 opposed his resignation while five abstained. Yi simply refused to quit, saying it was not time to fight over the outcome of the elections but to streamline the party system.

Besides which, the two parties are miles apart on their conditions for joining a coalition. Kim suggests the coalition be centered on his party, which is beyond the pale for Yi.

"The election proved that the NDP can be the hub of the coalition," the 67-year-old Kim said, substantially rejecting a proposal for a 50-50 partnership.

Admitting the need for a merger, Yi nevertheless told a political affairs' meeting Tuesday it was more important to spruce up the party for the general elections than to waste energy on an opposition merger.

The NDP lawmakers who have been demanding Kim retire to facilitate the merger, did not respond to the party decision to retain him as leader but may rock the boat by leaving the party.

Rep. Cho Yun-hyong, leader of the call for an opposition merger, said he would not hesitate to leave the party if Kim refused to retire.

Rep. No Song-hwan said he would withdraw from politics for good if the opposition failed to unite and Rep. Kim Chong-wan demanded Kim step down.

No major rebellion is likely, however, as other progressives with a milder tone, such as Reps. Yi Hyong-pae, Yang Song-u and Pak Sil, have said they will abide by the party decision to retain Kim.

Yi's party, on the other hand, faces continued severe internal dissension as members of a minor faction are signalling they will quit the party in discontent at Yi's decision to stay in power.

Prior to the political affairs meeting on Tuesday, Rep. Pak Chan-chong, vice president of the Democratic Party and leader of the rebel group, gave in his resignation along with Kim Hyon-kyu, another vice president, Hong Sa-tok, a member of the Political Affairs Committee, and Rep. Chang Sok-hwa, the party spokesman.

Chon Tu-hwan's Brother, Others Paroled

SK2506020591 Seoul THE KOREA TIMES in English 25 June 91 p 3

[Text] Chon Kyong-hwan, 49, younger brother of former president Chon Tu-hwan, and Yi Chol-hui, 68, a major financial scam figure, are among the 458 prison inmates to be released on parole this morning, the Justice Ministry said yesterday.

Chon, who has now served more than half of his jail term, is the last to be freed of the 47 persons convicted in connection with "Fifth Republic scandals."

The former head of the Samaul Headquarters was sentenced to seven years in jail in May 1989 for embezzlement and corruption while in office. However, his sentence was cut in half on the occasion of the third anniversary of President No Tae-u's inauguration last February.

"So, Chon meets the condition for general parole of having served 65 percent of his prison term," a Justice Ministry spokesman said.

The Ministry spokesman said the parole is given on a monthly basis to show leniency for inmates finishing more than half of their jail terms and showing exemplary behavior in prison.

He declined to see any political implications in the release of Chon and Yi on parole.

Referring to the case of Yi, a long-time inmate convicted in a huge financial scandal in 1982, the spokesman said that Yi had finished more than half of his mitigated sentence.

Together with his wife, Chang Yong-cha, Yi was sentenced to 15 years on charges of bill fraud.

Chang, however, is unlikely to be freed for the time being because she was the principal offender in the financial scam.

The Ministry's decision to release Chon and Yi in a regular monthly parole was taken because of the overwhelming victory of the ruling Democratic Liberal Party in the local council elections last Thursday, a source said.

Without the sweeping victory by the ruling party, they would have been freed in government clemency on National Liberation Day or Christmas due to lingering public dissatisfaction with the prosecution of those involved in irregularities under the Chon Tu-hwan administration, the source added.

Jail Terms Demanded for Suso Defendants

SK2506015291 Seoul THE KOREA TIMES in English 25 Jun 91 p 3

[Text] Prison terms ranging from three to 10 years were demanded for the five lawmakers and four others, all arrested in connection with the controversial Suso housing scandal, in a trial held at the Seoul District Criminal Court yesterday.

Prosecutor Chong Hong-won of the Prosecutor General's Office demanded 10-year imprisonment to Rep. Yi Won-pae of the main opposition New Democratic Party [NDP], Rep. Yi Tae-sop of the ruling Democratic Liberal Party and former presidential secretary Chang Pyong-cho for receiving bribes from Hanbo Group chairman Chong Tae-su in return for offering him with favors in the housing projects in Suso District, Southern Seoul, last year.

The three, suspected of receiving more than 200 million won from Hanbo chairman, were also asked to pay forfeits ranging from 200 to 270 million won.

Rep. O Yong-un of the DLP and Rep. Kim Tong-chu, both accused of accepting 30 million won from Chong, were asked to serve five years in jail and to pay 30 million won in forfeit, respectively.

In addition, the prosecutor demanded four years' imprisonment for Rep. Kim Tae-sik of the NDP and Hanbo chairman Chong.

Yi Kyu-hwang, a former Construction Ministry official, faced four years in jail and a forfeit of 10 million won and Ko Chin-sok, a leader of a unified housing cooperatives, three years in prison and a forfeit of 200 million won.

Burma

Commander Criticizes Foreign Influence in Music

BK2506051391 Rangoon Radio Burma in Burmese 1330 GMT 24 Jun 91

[Excerpts] Major General Myo Nyunt, chairman of the Yangon [Rangoon] Law and Order Restoration Council and Rangoon Command commander, met with musicians in the conference hall of the City Hall at 1300 today and spoke on the need to reduce degenerate forms of entertainment and to conserve and promote Myanmar [Burmese] tradition and culture. [passage omitted]

Speaking at the meeting Maj. Gen. Myo Nyunt said he would like to discuss two topics—the role of Myanmar music in the national independence movement and the trend of anti-Myanmar culture prevailing in today's musical scene.

He said the state government is currently working for national development on all fronts while power maniacs both inside and outside the country are resorting to various means to obtain power and are carrying out all forms of attack to bring about the disintegration of our country. He said the State Law and Order Restoration Council is working for its three cardinal causes of preventing disintegration of the Union, preserving the national union, and perpetuating the country's sovereignty.

He said he arranged this meeting so that musical composers as well as musicians and singers can help recall the endeavors of musicians who contributed to winning the country's independence and can thereby help prevent the country from coming under servitude once again. [passage omitted]

Continuing, the commander said it is regrettable to find in the current music scene the dominance of foreign influence which goes against the grain of Myanmar culture and tradition. He said the British imperialists started broadcasting foreign music from the English service program of the Burma Broadcasting Service in 1937 with the intention of spreading their culture in order to prolong the servitude. He said the influence of Myanmar music was eclipsed with the introduction of foreign music. He noted that Western cultural influence increased following the achievement of independence in 1948 and during the Era of Parliamentary Democracy.

The commander said that when the Revolutionary Council came to power in 1962 the influence of foreign music was contained by forming music censorship boards. He recalled that in his speech delivered at the conference of musicians on 23 May 1963 the chairman of the Revolutionary Council [U Ne Win] said that there were rules of composition for songs in our era, and that songs were being composed just to produce sounds with no attention given to the rules on rhyme and rhythm. He cited the chairman as saying: Be creative, but please do not flaunt traditional rules just to produce shoddy work. It is necessary to avoid such a trend.

Continuing, the commander said that after we assumed the responsibilities of the state a meeting was held with musicians on 20 November 1989 to underline the need to preserve the national culture. He said stage shows were later allowed from 25 November 1989 in order to help maintain the livelihood of performing artistes. He said that although the artistes pledged to preserve the national culture, in fact their performances have not been subject to any control so that now we have reached the current undesirable situation where what is happening could undermine the current state of stability. He said the style of entertainment and dress contravenes Myanmar culture and lyrics, which are devoid of rules, threaten to wipe out patriotism.

He said because of the current state of popular music, which is devoid of rules and which threatens to undermine patriotism, the Ministry of Home and Religious Affairs had to issue a decree on 17 June 1991 on formation of a board to scrutinize commercial music tapes. He said although we do not want to disrupt the flow of the cultural current, we do not want to go along with the prevailing current. He said debris in the water must be removed to ensure a supply of clean water. Debris may be removed gently by sifting or by hand. However, major items of debris and filth may have to be removed using a bamboo pole or a metal receptacle in which case there could be some minor damage. Nevertheless, he said, for the good of the majority we will have to get on with what has to be done. [passage omitted]

Cambodia

Heng Samrin Sends Greetings to CPV Congress

BK2506072491 Phnom Penh SPK in English 0507 GMT 25 Jun 91

[Text] Phnom Penh SPK June 25—Heng Samrin, secretary-general of the People's Revolutionary Party of Kampuchea Central Committee, has sent his best greetings to the ongoing Seventh Congress of the Communist Party of Vietnam.

In his congratulatory message, Heng Samrin said:

"On behalf of the Central Committee of the People's Revolutionary Party of Kampuchea, the party members, working class, and the entire people of Cambodia, I would like to send best wishes to the Seventh Congress of the Communist Party of Vietnam and to the working class and the fraternal people of Vietnam.

"I am very glad to learn of and highly value the all-round achievements recorded by the Vietnamese people in national defence and construction over the past four years after the promulgation of the reform policy.

"On this occasion, I would like to express profound thanks to the Communist Party and the fraternal people of Vietnam for their support and assistance to the party and people of Cambodia in their national defence and construction, especially in the quest of a political solution to the Cambodian problem."

The message wished the party members, working class, and the entire people of Vietnam ever greater achievements in their responsible task, and prosperity, and the ongoing Seventh Congress of the Communist Party of Vietnam great success.

Heng Samrin Interviewed on CPV Congress

BK2506073791 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 24 Jun 91

[Text] Before leaving to attend the Seventh Congress of the Communist Party of Vietnam [CPV], Comrade Heng Samrin, general secretary of the Central Committee of the Kampuchean People's Revolutionary Party [KPRP], granted an interview to Vietnam's VNA correspondent.

In reply to questions by VNA correspondent, Comrade General Secretary Heng Samrin said: On behalf of the KPRP, I am very glad and honored to lead a party delegation to attend the Seventh Congress of the fraternal CPV. Through protracted struggle waged together to resist the aggression by old and new colonialism and reactionaries of all stripes, the KPRP always welcomed and highly valued the victories scored in all fields by the CPV, particularly during the latest stage of national defense and construction and socioeconomic development.

Vietnam has experienced many obstacles, including the Cambodian problem that has caused Vietnam to be isolated from the outside world. However, due to their traditionally joint struggle, the CPV has valiantly strived to defend their common interests and constantly preserved the solidarity and friendship between Vietnam and Cambodia and with Laos, and has rebuilt the country with noteworthy headway. We are convinced that the success of this Seventh CPV Congress will be an important turning point in efforts to build and make Vietnam prosper in line with its new renovation line.

In the current new regional and international situation and as the process toward settling the Cambodian problem is entering its final stage for lasting peace and reconstruction of Cambodia, we would like to stress once again that in whatever circumstances, our two parties, peoples, and countries will carry on their tradition of revolutionary struggle by further striving to vigorously expand and strengthen the relations and cooperation between our two parties, peoples, and states on the basis of equality, mutual respect, and mutual benefit in contribution to defending peace and cooperation in the region and the world.

We wish the Seventh CPV Congress brilliant success, particularly in renovation work to develop the entire national society.

Tie Banh Receives Greetings From Czechoslovia

BK2506070991 Phnom Penh SPK in English 0504 GMT 25 Jun 91

[Text] Phnom Penh SPK June 25—Defence Minister Tie Banh has received greetings from his Czechoslovak counterpart, Lubos Dobrovsky, on the occasion of the 40th anniversary of the Cambodian People's Armed Forces (June 19) and the Army-People Solidarity Day.

In his congratulatory message, the Czechoslovak defence minister said: "I would like to extend my high respects and sincere salutation to you on the 40th army day.

"On this occasion, I wish you ever greater successes in safeguarding the Cambodian people's peaceful life, the best of health and prosperity," concluded the message.

Analysts, Others View SNC Meeting Progress

BK2506014991 Bangkok THE NATION in English 25 Jun 91 p A8

[By Kunchada Chaiphiphat and Yindi Loetcharoenchok]

[Text] The new round of Cambodian peace talks was inaugurated yesterday in Phatthaya with the usual rosy rhetoric despite some pessimism that there may be no more progress from what was already achieved in Bangkok a day earlier.

Cambodian analysts, diplomats and some Cambodian delegates shared the same view that the Bangkok agreement was the maximum the reunified Supreme National Council (SNC) could squeeze out from the four Cambodian factions.

The accord, according to resistance leader Prince Norodom Sihanouk, was a "breakthrough" to an impasse which could lead to a comprehensive settlement of the 12-year-old Cambodian conflict. The agreement included the "unlimited general ceasefire" and the inauguration of the SNC as a representation of unified Cambodia's sovereignty, and leaving the Phnom Penh government as well as the resistance coalition government intact until the general election.

In Phatthaya, one additional point was agreed upon: there will be a cessation of foreign military assistance to all the Cambodian factions.

However, still left for further "hot discussions" are the thorny issues of how to supervise the ceasefire and monitor compliance of the arms cessation, the modality of the UN's role, and the acceptance of the UN peace plan in its entirety.

In an effort to activate the SNC, Prince Sihanouk proposed last weekend a five-point proposal dealing with the question of SNC chairmanship, the functions of SNC, its location and its flag and national anthem, the continuation of a ceasefire, and a detailed implementation of UN peace blueprint.

Diplomats of countries actively involved in the peace process say the proposal did not touch upon "the bone of contention points" in order to easily obtain acceptance from all members but agreed that it could form a basis for further discussion.

The diplomats take note of some of the elements in the porposal that deviate from the UN peace framework, such as the maintenance of both Phnom Penh and resistance governments. The UN document calls for the dismantling of the two administrations during the transitional period leading to a general election.

Others argue it is a reality that outsiders have to accept. "Nothing should bother, the fact that the Cambodians could agree among themselves is the most significant," one diplomat says.

But UN special envoy Rafiudin Ahmed, who is invited to Phatthaya as an observer along side with senior officials of France and Indonesia, (foreign minister of the two countries are cochairmen of the Paris International Conference on Cambodia), believes the Cambodians should reach an agreement first to what extent they need the UN involvement before the UN Security Council can make a pertinent political decision on Cambodia.

"There would have to be a decision as to what UN involvement they would want and then the UN Security Council will have to decide," he said in Phatthaya. The five permanent members of the UN Security Council and the two cochairmen of the Paris International Conference on Cambodia are scheduled to meet between July 7 and 9 to take stock of all the developments and discuss what further guidelines will be given for the next step of peace process.

However, the diplomats believe that the Cambodian factions, in particular Phnom Penh and Khmer Rouge, will entangle in another squabbling in Phatthaya on some details of the agreed points.

For the Khmer Rouge, Sihanouk's proposal is the maximum concession they want to give. In Jakarta, the Khmer Rouge opposed continuing the ceasefire and the proposed amendments to the UN peace documents unless Phnom Penh announced publicly their acceptance to the UN plan in its entirety.

As for Phnom Penh, its major concession is in agreeing to share power with the resistance during the transition period until the general election.

A Thai official said the question of the SNC chairmanship would automatically be dropped out now that the Cambodians already agreed to have Prince Sihanouk as de facto chairman of all SNC meetings.

But a Western observer said this Phatthaya meeting could head toward a deadlock when the Khmer Rouge demanded the verification of ceasefire and cessation of external military aid by the presence of a substantial UN monitoring team. Phnom Penh wants the UN presence only after a permanent ceasefire has been reached.

On the UN peace documents, Sihanouk's proposal suggests that any amendment to the main body of the peace plans for effective implementation should be made only with a consensus, while Phnom Penh prefers a two-third majority decision in which if eight of the 12 SNC members agree, the rest four cannot veto.

The rule of consensus, the diplomats say, is very impractical, as it will delay the achievement of a comprehensive peace agreement. "If only one voice veto, any proposal would go nowhere," one of them points out.

However, a Cambodian resistance analyst believes that Phnom Penh's proposal on the two-third vote is aimed at stalling the activation of the SNC and delaying the peace process until after a general election which Phnom Penh intends to hold unilaterally in 1992.

Hun Sen knows that his proposal will certainly draw objections from the six representatives of the resistance on the SNC, the analyst adds.

"Phnom Penh already got six (six representatives on the SNC), if they can garner two more votes, the rest cannot oppose even if an agreement is going to work against them," the analyst says.

As it stands now, the SNC is now operational with Sihanouk being the de facto chairman. And a ceasefire as well as an cessation of military assistance will be implemented despite the absence of a UN verification.

Prince Sihanouk should be applauded for engineering the "breakthrough" which enabled him to claim that peace in Cambodia will be restored—at least on paper.

VOK Reports Agreements Reached by SNC 24 Jun

BK2506070891 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 25 Jun 91

[Text] At the first day [24 June] of the Cambodian Supreme National Council [SNC] meeting in Phatthaya City of Thailand, the four Cambodian parties reached some significant agreements. On the afternoon of the same day, the SNC also agreed to the following five points:

1. The SNC has decided to ask for the inclusion of Angkor Wat on the UNESCO list as a world heritage site.

2. The SNC has decided to ask for the resumption of Cambodian membership in the Mekong Committee.

3. The SNC has decided to ask to send a delegation to the World Bank/International Monetary Fund meeting to be held in Bangkok, Thailand soon.

4. The SNC has decided to ask the United Nations to provide humanitarian aid and vocational training to the Cambodian people.

5. The SNC has decided to set up its secretariat.

The meeting was conducted in a remarkably wonderful atmosphere with understanding and smiles unlike previous meetings.

On Tuesday 25 June, the second day of the SNC meeting in Phatthaya, the Cambodian SNC decided to discuss the points related to the modalities on monitoring the ceasefire and cessation of outside military aid, the location of the SNC Headquarters, and the issue of political prisoners. The Tuesday session was held from 1000 to noon and will convene again today from 1530 to 1830.

VODK Commentary on Trail Construction

BK2306035491 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 22 Jun 91

[News commentary: "The Hanoi Vietnamese Enemy Aggressors Have Actively Intensified Building a Trail from the Vietnamese Border to Cambodia"]

[Text] According to a report from Prey Veng Province, since early June the Vietnamese enemy aggressors have built a trail from the Vietnamese border to (Phsa Stoeng) in Kra-nhung Village, Kamchay Mea District, Prey Veng Province.

At present, the Hanoi Vietnamese enemy aggressors are actively building the trail to facilitate the transportation of Vietnamese troops and war materiel to Cambodia and to ship more and more Vietnamese immigrants to resettle permanently on Cambodian soil. Moreover, this is also to expedite the shipment of paddy, rubber, fish, and timber plundered from our nation and people to Vietnam.

In brief, the Vietnamese enemy aggressors' deed is aimed at misappropriating and annexing Cambodian territory into Vietnam definitively as they did to Kampuchea Kraom in the past.

Our people have distinctly seen through the Hanoi Vietnamese enemy aggressors' true nature of invasion and annexation. So they cannot sit idly by and allow them to build trails and plunder the natural resources of our nation and people at will. The people have joined our national resistance forces in more actively and vigorously attacking the Vietnamese enemy aggressors until they are defeated and driven out of our Cambodia completely.

VONADK Reports Recruits Sent to Front

BK2506011291 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 24 Jun 91

[Text] On 19 June the Vietnamese aggressors ordered their puppet-lackeys—traitors Hun Sen, Heng Samrin, and Chea Sim—to recruit and send 200 sons of our people in Russei Kev Ward [in Phnom Penh], or their so-called Russei Kev District, to replenish their forces on the Pailin-Route 10 battlefield.

The Vietnamese aggressors transported these new recruits on Route 5. When they arrived at Prek Kdam, 20 of these new recruits jumped down from the truck and fled. When they arrived at Sala Lek Pram, five others fled. Thirty-two others fled while the truck stopped to get more gasoline in Pursat Province. When the truck slowed down while moving on Svay Don Kev Bridge, 18 other new recruits fled.

On the Pailin-Route 10 battlefield, after the Vietnamese aggressors and Vietnamese puppet-lackeys gave them arms, the fraternal new recruits fired at and killed three Vietnamese-puppet ringleaders. After this event, 43 other new recruits fled back home.

While fleeing, all these new recruits who deserted the Vietnamese aggressors and their puppet-lackeys were assisted by villagers who hid them and showed them the way back home.

VODK Editorial Reiterates Stance on Settlement

BK2306032691 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 22 Jun 91

[Station editorial: "Settling the Cambodian Problem Involves Putting an End to Vietnam's War of Aggression and Occupation of Cambodia and the Hanoi Vietnamese Authorities' Regional Annexation Policy and Strategy"]

[Text] The entire international community is already aware that the Cambodian problem has resulted from Vietnam sending hundreds of thousands of Vietnamese troops to invade and occupy Cambodia, encroaching upon the principle of international decorum and law and the UN Charter in the most arrogant and cruel manner. Up to June 1991, Vietnam has been committing acts of aggression and occupation in Cambodia for 12 and a half years. Vietnam continues to maintain on a permanent basis 50,000 soldiers, together with another 20,000 reinforcements based in Cambodia for the purpose of launching major offensives against national resistance forces. Along with this, it also maintains in Cambodia more than 50,000 Vietnamese administrative officials of all types in invading and occupying the country.

Also, there are over 1 million Vietnamese immigrants in Cambodia cooperating with the Vietnamese troops and officials in overrunning and controlling the country, as well as in implementing the policy of Vietnamizing Cambodia in all fields, including Vietnamization of the Cambodian population, culture, literature, traditions, society, and so on. This policy is aimed at Vietnamizing Cambodia's territory and people in compliance with the Indochinese Communist Party and late Ho Chi Minh's Indochinese strategy. According to the strategy, Vietnam, Laos, and Cambodia have only one population, one country, and one leading party, which is Hanoi's Vietnamese Communist Party.

By all means, this is not only a major issue for Cambodia alone, but is also for Southeast Asia as a whole at present. As such, to resolve the Cambodian problem it is necessary to settle and put an end to the Vietnamese war of aggression and occupation of Cambodia and Vietnam's regional annexation policy and strategy. This is to enable Cambodia to recover peace, independence, sovereignty, territorial integrity, and its rights to self-determination, thereby restoring durable peace and stability to Southeast Asia.

In order to achieve this objective, the UN Security Council's resolution 668/90, the 28 August 1990 framework document, and the 26 November 1990 draft agreement on a comprehensive solution should be fully implemented. This means:

1. Vietnam must completely withdraw its troops and aggressor forces from Cambodia under strict control and supervision of the United Nations.

2. The dismantling of the state authority, both military and civilian, that Vietnam has installed in Cambodia and establishing Cambodia's Supreme National Council headed by Samdech Norodom Sihanouk to represent the country's national sovereignty and unity.

3. The organization of free and genuine elections in Cambodia—with the participation of Cambodian parties of all political persuasions—under UN supervision to reelect a national assembly and government.

This is the only fair and effective approach for restoring peace and stability to Cambodia and Southeast Asia and the Asia-Pacific.

VODK Commentary on UN Plan, SRV Pullout

BK2206061891 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 21 Jun 91

[Station commentary: "The Cambodian Problem Can Only Be Settled Definitively and Justly if Vietnam Completely Withdraws Its Forces From Cambodia, Under UN Control and Supervision in Compliance With the Document of the Five Permanent Members of the UN Security Council"]

[Text] In order to definitively resolve the Cambodian problem through a comprehensive political solution, it is necessary to recall the root cause of the problem and determine what the source of the problem is.

With the aforementioned issue, people can clearly see that the Cambodian problem is caused by Vietnam sending hundreds of thousands of troops to attack and invade Cambodia since the end of 1978. As for the present-day Phnom Penh puppet regime, it is just an administration propped up by Vietnam in February 1979 following the invasion and occupation of Phnom Penh by the Vietnamese troops on 7 January 1979. As such, the Cambodian problem is not an internal affair of the Cambodians, but an issue concerning the aggression against Cambodia conducted by Vietnam in accordance with its Indochinese federation strategy. Vietnam's invasion of Cambodia is a violation of the UN Charter and international law. Vietnam continues to reject the resolutions adopted by the UN General Assembly over the past many years, and now it is rejecting the document worked out by the five permanent members of the UN Security Council [UNSC], refusing to close the books on its war of aggression in Cambodia. By all means, Vietnam—accused in the Cambodian case—can in no way purify itself by hiding behind the puppet regime and shirking its responsibility for the problem.

Seeing the root cause of the Cambodian problem, people are unanimously of the opinion that the Cambodian problem can only be solved if Vietnam withdraws all its aggressor forces from Cambodia. According to Chapter 2, Article 15 of the 28 August 1990 framework document of the five UNSC permanent members, during the implementation of a cease-fire, a UN transitional authority [UNTAC] should monitor the cease-fire and verify implementation of the measures related to the truce, including the withdrawal of foreign troops, meaning the Vietnamese aggressor troops, Vietnamese military advisers and staff, as well as armaments, ammunition, and materiel from Cambodia. Moreover, the UNTAC should verify and prevent foreign troops from being sent back to the country as well.

However, so far the Cambodian problem has not yet been resolved. Obviously, this is because Vietnam opposes and rejects the aforementioned plan of the Perm Five [five permanent members of the UNSC]. Vietnam has done whatever it can to destroy the document because it does not want the UNTAC and a UN peacekeeping force [UNPKF] to control its military withdrawal. It needs to continue hiding its forces, both civilian and military, in Cambodia, especially within the Phnom Penh puppet regime for the purpose of occupying the country for good. This is the one and only main cause hampering settlement of the Cambodian problem.

The whole world, the ASEAN states, and all the countries in Asia want peace. The Vietnamese people themselves also desire peace; they have dodged forcible drafts carried out by the Hanoi authorities because they do not want to come and wage a war of aggression against Cambodia. As for the Cambodian people and the Cambodian national resistance forces, which have faced untold suffering because of the Vietnamese war and which are carrying on the current struggle for the survival of the nation, they want peace more than anyone else. It is only Vietnam and its lackey puppets who have been against the restoration of peace in Cambodia by opposing and destroying the implementation of the Perm Five's document. They have created all manner of obstacles to block the settlement of the Cambodian problem via a comprehensive political solution for they do not want the UNTAC and UNPKF to verify the Vietnamese troop withdrawal from Cambodia. Therefore, the Vietnamese war of aggression against Cambodia can only be settled through a comprehensive political solution if joint pressure is further applied on Vietnam and its lackey puppets until they are forced to agree to fully implement the Perm Five document—which they have already accepted—without alteration.

Do not allow Vietnam to shred the document and ruin the world's endeavor at will. Besides, if the Cambodian problem is not solved in conformity with the document of the Perm Five, and in particular if there is no control by the UNTAC and UNPKF over the withdrawal of all the Vietnamese aggressor forces, both civilian and military, from Cambodia and no dismantling of the armies of all the Cambodian parties to pave the way for the organization of free and just general elections in the country, the Cambodian problem can never be brought to a conclusion and Cambodia can never regain genuine security and peace. Consequently, lasting security, peace, and stability can never be restored to Southeast Asia and the Asia- Pacific. By all accounts, it is imperative to firmly maintain and adhere to the basis of the framework document of the Perm Five to settle the Cambodian problem via a comprehensive political solution.

Indonesia

Party May Support Suharto for Another Term

BK2506034891 Jakarta BERITA BUANA in Indonesian 19 Jun 91 p 1

[Excerpt] Denpasar, BUANA—Golkar [the Functional Group, the country's ruling party] has not found an ideal presidential candidate yet. Accordingly, Secretary General Rahmat Witular said this organization, which will contest the forthcoming general elections, will not follow in the steps of the PDI [Indonesian Democratic Party] in proposing a candidate. Nonetheless, it may again support Pak Harto [Mr. Suharto].

According to Witular, the main criteria of a presidential candidate must conform with the systematic development plan. The plan will be available after the next GBHN [broad outlines of state policies] are formulated.

"Thus, we do not know what we will do in the future. The plan is the basis of a presidential election," he said after inaugurating the new building of the Golkar Secretariat in Denpasar, Bali on Tuesday.

The GBHN is formulated during the general session of the MPR [People's Consultative Assembly] prior to presidential and vice presidential elections. This being the case, Witular's statement could mean that Golkar would not nominate a candidate before the 1992 general session.

According to Witular, Golkar is now discussing steps to be taken before nominating a candidate. "Thus, what we are doing now is just looking for a suitable candidate," he added.

On the possibility of Golkar renominating Pak Harto, Witular said it was possible. "We will consider all possibilities," he said.

Witular said Pak Harto is not too old to be reelected president. He cited as an example Chinese President Yang Shangkun, who just visited Indonesia. "He is already 84 years old, but he looks young and healthy."

Witular considered illogical the nomination—by Yahya Nasution, chairman of the PDI Central Executive Council—of Rudini [currently home affairs minister] as a presidential candidate. "To whom did he propose this? To the clouds? But that would be alright if the PDI chose to do so," he said further.

Dr. Nazarudin Syamsudin, a political observer, was of the opinion that the nomination by Yahya Nasution of the presidential candidate could be interpreted as an attempt to divert public attention away from in-fighting plaguing the PDI. "The PDI is comparable to a broken ship. Why did it suddenly raise the issue of presidential candidates?" he said. [passage omitted]

Commander Warns Against Development of Island

BK2306091491 Singapore THE STRAITS TIMES in English 20 Jun 91 p 15

[By Paul Jacob, Jakarta correspondent]

[Text] Jakarta—A ranking military commander has unexpectedly warned that Batam island could become a centre of subversion in Northern Sumatra and said that if issues there are not handled well, national stability could be affected.

Regional Military Commander Major-General Pramono, whose area of responsibility includes the Riau and Aceh provinces, said Batam provided open access to many foreigners and "all sides should be more alert" to problems that could arise.

Development of the island, under the umbrella of the Growth Triangle concept involving Riau, Singapore, and Johor, should not neglect national defence as well as social or welfare issues, he said.

Gen Pramono spoke to the Merdeka newspaper in Medan on Tuesday after attending rehersals for celebrations marking the 41st anniversary of the Bukit Barisan regional level command, which he heads.

He told the paper that Indonesians on the island should have a clear idea of their status and cited as an example "some businessmen in Batam who possess two identity cards, such as businessmen from Glodok". It was a clear reference to ethnic Chinese businessmen in Jakarta's Chinatown or Glodok.

Gen Pramono's reference to the Chinese community echoed the comments of a leading sociologist last August on a similar subject.

Sociologist Selo Sumarjan said that the normalisation of ties between Indonesia and China could make the Chinese on Batam island more oriented towards Singapore, whose population is predominantly Chinese.

"If this happens, integration of the different racial groups in Batam will be more difficult," Mr Sumarjan had warned.

But Gen Pramono said his reference to social issues also meant that the regional administration should be involved in development from the early stages.

He pointed out, for instance, that the administration became involved in affairs of transmigrants—Indonesians settled in the region from elsewhere—only five years after they had been moved there. Such an approach was not helpful.

Other officials have previously spoken about the dangers of neglecting social issues in developing Batam, but none had been so direct as to make the connection with its effect on national resilience and stability.

National Defence Institute Governor Sukarto said last August that development should not create a social gap. State Minister for Research and Technology B.J. Habibie, who oversees Batam's development, has urged developers to build low-cost housing for workers on the island.

The island's populaton, which hit 100,000 last year, is projected by Batam officials to rise to 700,000 by the year 2005. Major projects include an industrial park and tourism-related projects.

Housing Minister Siswono Yudohusodo said only last week that government neglect of "social order"in Batam would discourage investors.

Gen Pramono did not go into details about how Batam could become a centre of subversion.

But he said that he had reported to Armed Froces Commander Try Sutrisno and Mr Habibie on the measures that would be taken.

"They have welcomed our approach and now the regional military district will also be involved in Batam's policies with regard to possible threats," he was quoted as saying.

Observers contacted in medan said there had not been any recent incidents which would have warranted Gen Pramono issuing his warning about subversion.

"I see it as nothing more than a precautionary statement related to his command's upcoming anniversary, something designed to provide food for though and keep everybody on their toes," one said.

"The command has a wide area to cover, and where previously Medan was the primary gateway to that part of Indonesia, they now have to also think seriously about accessibility through Batam. Not everybody comes as a tourist or businessman."

Military Frees Alleged Separatist Group Members

BK2406125791 Hong Kong AFP in English 0902 GMT 24 Jun 91

[Text] Jakarta, June 24 (AFP)—The Indonesian military have freed 77 alleged members of an armed separatist movement in the northern Sumatra province of Aceh without pressing charges, local officials said Monday.

The 77 said to belong to Aceh Merdeka (Free Aceh) were handed over Friday to the provincial government which would return them to their respective families, said the officials in Medan, capital of North Sumatra province.

There was "no wrongful arrest", the official Antara News Agency had earlier quoted Major-General Harmono, the chief of the North Sumatra military command, as saying, when he presided over the release of the 77 people.

They were classified as "involved" in Aceh Merdeka, "whether direct or indirect", but the authorities believed that with proper guidance they could be redirected "into the right path", Maj. Gen. Harmono said.

It was not immediately known how long they had been detained but observers said they could have been rounded up during military operations last year following a series of killings and ambushes of troops and police by Aceh Merdeka, which is seeking a separate islamic state in Aceh.

The military have previously released 200 people said to be linked with Aceh Merdeka and brought to trial about 20 others in connection with the raids. Seventeen of them have been given jail terms ranging between five to 20 years while trials for the rest are still under way.

Hundreds of people from the military, rebels and civilians have died in raids and counter-raids since the start of 1990, according to human rights groups.

Investment Board Reports Investment Decline

BK2406130391 Jakarta ANTARA in English 1136 GMT 24 Jun 91

[Text] Jakarta, June 24 (ANTARA)—The realization of foreign and domestic investments in the second year of Pelita V (Five-Year Plan 1989-1994) experienced a slight decline compared with that of the previous year, Chairman of the Investment Coordinating Board (BKPM) Sanyoto Sastrowordoyo said here Monday.

"The increasing number of investment applications approved in the second year of Pelita V is encouraging but their realization, particularly domestic investment, is not so favourable," the BKPM chairman said at a coordination meeting on the implementation of investment projects.

The low performance in the realization of the investment is due to less financial support from financial institutions, particularly for domestic investment, he said.

The insufficient infra-structural facilities such as roads, electricity supplies, telephone and clean water in certain locations are also among the factors which caused the unfavourable performace of the investment in the country, according to Sastrowardoyo.

Other constraints, he said, included difficulties in bringing together domestic and foreign business partners, particularly those of middle and small-scale businesses.

According to the BKPM chairman, the implementation of the domestic investments approved by the BKPM since 1967 only reached 74 percent with an investment value only realized at 37 percent.

In the meantime, the realization of foreign investments since 1967 is recorded at 75.9 while their realized value is at 58.5 percent, he said.

He said that the growth of foreign and domestic investment over the past four years have been encouraging.

The BKPM in the 19-year period after the introduction of the investment law in 1968, approved 3,423 projects worth 29.1 trillion rupiahs.

In the past four years 1987-90, it approved 3,610 projects worth 104.8 trillion rupiahs, he added.

In the first 20 years [word indistinct] the BKPM approved 788 foreign investment projects worth 13.5 billion U.S. dollars while in 1986-90 it approved 1,001 foreign investment projects valued at 19.4 billion U.S. dollars, the BKPM chairman said.

Laos

Central Committee Greets Seventh CPV Congress

BK2506050591 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 24 Jun 91

[Text] The Lao People's Revolutionary Party [LPRP] Central Committee today sent a message of greetings to the Seventh Congress of the Communist Party of Vietnam in Hanoi. The message reads as follow:

Our entire Lao party and people have closely followed and are elated at the official convening of the Seventh CPV Congress in Hanoi capital. On this significant occasion, on behalf of the working class and multiethnic people of Laos, the LPRP Central Committee would like to extend warm comradely salutations and best wishes to the congress and, through the congress to the entire party and heroic, fraternal people of Vietnam.

Serving as successors of the Indochinese Communist Party as founded, trained, and tempered by great President Ho Chi Minh, in carrying out his heroic cause and traditions over the past decades, the CPV has led the Vietnamese people to overcome various tremendous difficulties and trials and win his struggle for national liberation, recording achievements in many fields in the cause of defending and building the country.

With the correct, creative, and principled line of renovation as adopted by the Sixth Congress, with a traditional spirit of industriousness and perseverance, and through the joint efforts of the entire party and people, Vietnam has in recent years recorded satisfactory progress achieved initial success.

Beloved comrades, our Lao party and people are very pleased to note that the friendship relations and special solidarity between cities, countries, and peoples of Laos and Vietnam, which are a precious heritage built, nurtured, and promoted by President Ho Chi Minh, have been increasingly consolidated and enhanced with each passing day. We are also proud to have firm, stalwart, and close comrades like the CPV and the heroic Vietnamese people who have always firmly adhered to the same lofty ideals, shared joy and sorrow, supported and assisted each other, and together marched forward to achieve their common goal, namely socialism.

On this glorious occassion, we wish for the everlasting success of the Lao-Vietnamese friendship relations and special solidarity. We wish the Seventh CPV Congress glorious success and are firmly convinced that the success of this congress will bring about a new stage of development of historic significance in the renovation cause as well as in the cause of building socialism in Vietnam.

Kaysone's Arrival, Activities in Hanoi Reported

BK2406142291 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 24 Jun 91

[Text] According to a Vietnam radio report, in response to an invitation from the Communist Party of Vietnam [CPV] Central Committee, a delegation of the Lao People's Revolutionary Party [LPRP] led by Kaysone Phomvihan, chairman of the LPRP Central Committee, arrived in Hanoi on 22 June to attend the Seventh CPV Congress. The delegation was welcomed, upon its arrival, at the guest house of the CPV Central Committee by General Doan Khue, member of the CPV Central Committee Political Bureau, and many other high-ranking leaders of the Vietnamese party and state.

Further reports from Hanoi said that on 23 June, the LPRP delegation laid a wreath to pay homage to the remains of President Ho Chi Minh. They also visited the Ho Chi Minh museum in Hanoi on the same day.

Phoumi Vongvichit Receives Burmese Monks

BK2506065991 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 24 Jun 91

[Text] This morning, Phoumi Vongvichit, acting president of the Lao People's Democratic Republic [LPDR], received at the Presidential Office in Vientiane a delegation of Myanmar [Burmese] Buddhist monks led by the the Reverend senior Buddhist Monk Sethilabhivamsa Abhidhaja Maha Rattha Guru, which has been in Laos for a visit since 20 June.

On this occasion, the acting president and the delegation exchanged views on problems facing Buddhism in Laos and in Myanmar, where it is the basic religion and has been respected and worshipped by the Lao and Myanmar Buddhist believers for a long time. Phoumi Vongvichit also welcomed the delegation's visit and expressed hope that the visit to Laos by the Myanmar Buddhist delegation on this occasion will serve as a basis for increasing the friendly relations and cooperation between Laos and Myanmar which are neighboring countries sharing a common border.

The Myanmar delegation left for home this afternoon.

Thailand Grants Privileges for Exported Goods

BK2406110691 Vientiane KPL in English 0922 GMT 24 Jun 91

[Text] Vientiane, June 24 (KPL)—Thailand will give tax privileges for Lao export goods and to cooperate with Laos to keep bilateral trade in order aimed at avoiding smuggling. It will also provide cooperation in electric power supply, tourism, and opportunity for 26 Lao companies to meet with Thai trading companies.

Signed following the talks between visiting Lao Trade and Tourism Minister Khamphouai Keoboualapha to Thailand and Thai Foreign Minister Asa Sarasin.

Khamphouai Keoboualapha, who led a Lao trade delegation including Lao businessmen, visited Thailand on June 20 and returned home on June 21.

Philippines

Reportage on U.S. Bases Issues Continues

Navy Said Incapable of Management

HK2206063791 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 21 Jun 91

[By Sonny Casulia of DZRH Unit No. 9]

[Excerpt] Rear Admiral Mariano Dumangcas Jr. admitted today that the Philippine Navy does not yet have the capability to manage Clark Air Base in Angeles City [as heard] and Subic Naval Base in Olongapo City, should the Americans decide to withdraw their military bases from the country.

In a news conference at Philippine Navy headquarters in Roxas Boulevard after his trip to Cavite City with other top officials of the command earlier today, Dumangcas explained that some of their facilities may be managed, but not all. This is due to lack of funds and knowledge, poor equipment, and the need for more training. According to Dumangcas, Subic is a huge complex which has a different operation. His visit to Cavite City is part of the 93d founding anniversary celebrations on Monday. [passage omitted]

Aquino Inspects Bases Damage

HK2206064791 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 21 Jun 91

[By Dick Synchongco of DZRH Unit No. 6]

[Text] President Cory Aquino once again expressed her thanks to countries that gave help to the Philippine Government in relation to the destruction brought about by Mt. Pinatubo.

The president thanked the Governments of Belgium, Japan Switzerland, America, and other countries and international agencies like the United Nations Disaster Relief Organization for their aid.

The president expressed her thanks during the formal turnover of the former Asian Development Bank headquarters, which will now be occupied by the Department of Foreign Affairs. The turnover of the said building in Roxas Boulevard coincided with the 93d founding anniversary of the Foreign Affairs Department.

The president lauded the embassies in the country and the Philippine community for their relief assistance and rehabilitation efforts.

Embassies and Philippine organizations have recently started raising funds and other necessities for victims of the Mt. Pinatubo eruption.

Meanwhile, President Aquino conducted an aerial inspection in areas devastated by Mt. Pinatubo. However, the president failed to reach other areas due to bad weather.

According to the report, the president was only able to conduct aerial inspection in some parts of Clark and Basa Air Bases.

House Committee Head on Rent

HK2206042791 Quezon City Radyo ng Bayan in Tagalog 0300 GMT 22 Jun 91

[Text] Congressman Jose de Venecia, chairman of the House Committee on Foreign Affairs, clarified that the pullout of the U.S. bases' personnel from the Philippines due to the eruption of Mt. Pinatubo does not imply a total withdrawal of the U.S. bases. Here is Anna Soriano with the details:

[Begin recording] De Venecia said that what occurred was mere evacuation. There is a great possibility that they will return to the country as soon as the situation normalizes. At the same time, De Venecia said there may be some adjustment to the bargaining stand of the Philippines, one possibility of which would be the reduction of the rent for the extension of the U.S. bases in the country. He said that the Philippines would take into consideration the damage brought about by Mt. Pinatubo's eruption to Clark Air and Subic Naval bases. [end recording]

Senator Maceda Sees Pullout

HK2206084091 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 22 Jun 91

[Italicized portions in English]

[Text] The Americans may totally give up Clark Air Base because of the massive damage it suffered from the Mount Pinatubo eruption. In an interview with Louie Beltran, Senator Ernie Maceda said this may also signal the United States' gradual pullout of its military installations from the country. Maceda added that the U.S. Government may possibly spend an estimated 4 million dollars for the rehabilitation of Clark Air Base's runways. Here is Senator Maceda's explanation:

[Begin recording] You know, in an *air force base, the facilities are in the surface basically.* In Subic, even if the Olongapo base was destroyed, the principal facility there is the port which was not affected. *That is a very expensive facility.* In the case of Clark, to get a new runway for 4 million dollars *is something they can afford to lose. You spend several more hundreds of millions of dollars to build a port facility in Subic.* So, I think and yet I hope not, *I am just being practical and realistic. I think that I see no reason why they will not give up Clark at this point.* [end recording]

Manila To Conduct Assessment

HK2506030591 Manila MANILA BULLETIN in English 23 Jun 91 pp 1, 24

[By Marcia C. Rodriquez]

[Text] The Philippine Government will conduct its own assessment of the damage at Clark Air Base and the Subic Naval Base in preparation for the resumption of the RP [Republic of the Philippines]-U.S. negotiations to finalize a new treaty on the American military facilities and the future relationship of the two countries.

The country's own assessment of the damage on the U.S. military facilities will determine whether the worst possible scenario, which is the abandonment of the bases, or a reduction in the proposed bases-related compensation is justified.

The President expressed understanding over the reported pullout of 4,500 or 64 percent of U.S. troops from the Philippines in view of the damage caused by Mt Pinatubo's eruption on the two largest U.S. military facilities in the country.

Asked whether the pullout was temporary, Mrs Aquino said this would still have to be verified when talks between Foreign Affairs Secretary Raul Manglapus, head of the Philippine panel, and U.S. special negotiator Richard Armitage, head of the U.S. panel, resume their negotiation.

She added that the two parties were communicating with each other constantly.

"Because of the danger poised by Mt Pinatubo, it was necessary for them (the Americans) to evacuate," she said.

U.S. spokesman Stanley Schrager had earlier said that the pullout of troops is temporary and that the servicemen will be recalled when the situation at Clark improves. Schrager later retracted the statement.

"Anyway, the talks are still ongoing and we will know once Armitage and Manglapus meet again," Mrs Aquino said. "They are communicating with each other so we will know, based also on our assessment of the situation. The government is also assessing the extent of the damage."

Press Secretary Tomas Gomez III, acting presidential spokesperson, expressed confidence that the U.S. forces will continue to stay in view of plans by the U.S. government to repair the facilities.

"Even Clark now will have to go back to the U.S. to ask money for repairs," Gomez said. "The fact that they are doing that, to me, is indication of a desire to stay. Why will you repair if you will leave just the same?"

Gomez said that the President "is unfazed by reports of a pullout of U.S. troops. She welcomes all suggestions on what to do with the damaged Philippines bases ranging from drastic proposals, such as that of Sen Wigberto Tanada who wants the bases out, to recommendations to make Filipinos living around the bases more self-reliant and less dependent on U.S. servicemen.

"The President has always kept an open mind to many suggestions. However, in the refinements of these, what will prevail is whatever is close to or is consistent with existing policy."

In related developments, the government of Malaysia decided to extend assistance to the government amounting to $25,000 for victims of the eruption of Mt Pinatubo.

The government of Japan will turn over the first portion of its $400,000 emergency assistance to people affected by the eurption on Monday at the Roces Vocational School in Quezon City, one of several evacuation centers in Metro Manila.

The turnover will be attended by Social Welfare Secretary Mita Pardo de Tavera, representatives of the Japanese Embassy and the Japan International Cooperation Agency.

The Japanese donation, to be delivered on Monday, will consist of food and water.

The government, meanwhile, is brain-storming on ways to make productive use of ash that have been spewed by Mt Pinatubo.

Aquino Reacts to Cheney's Remark

HK2406094691 Quezon City MALAYA in English 23 Jun 91 p 4

[Editorial: "Eating Crow"]

[Text] U.S. Defense Secretary Richard Cheney must be feeling very pleased with himself and purring like a pussycat these days.

He it was whom President Aquino refused to see and meet when he came visiting last year. The snub was delivered with great ostentatiousness and bravado, and her partisans cheered wildly. The U.S. government was sufficiently offended as to compel President Bush himself to publicly tell her by way of rebuke that he always profited from listening to Cheney.

The other day, Cheney dropped some observations in Detriot about the possible effects of Mt. Pinatubo's eruption on the bases issue and all hell broke loose here in Manila. He said the U.S. government was assessing the damage done to the bases before deciding what to do next, suggesting the possibilities included abandoning them altogether. Nice of him not to have said: "We are keeping our options open."

Mrs. Aquino was so panicked she immediately summoned the American ambassador to tell her what Cheney was driving at. Then she issued her own interpretation of what he must have meant and blamed the media, in the time-honored tradition of shooting the messenger, for "speculation and conjecture." It was the second time she acted as spokeswoman for the Americans; the first was when she denied a British newspaper's report of a "nuclear alarm" at Clark.

Her foreign secretary, Raul Manglapus, dutifully weighed in to support his boss and made—is it getting to be habit?—a truly asinine remark. The U.S. government, he said, speaks through its negotiator Richard Armitage and not through Cheney, who "is not the official U.S. bases negotiator." What a stupid thing to say. U.S. bases are being discussed, and the U.S. secretary of defense has full control and supervision over them. If Cheney tells Armitage to do cartwheels on the negotiating table Manglapus can be sure he'll do them.

How are the mighty fallen. From Mrs. Aquino's supercilious "options open" to the arrogant snub on Cheney to Manglapus' theatrical "notice of termination" to demands for "sovereign control," the Philippine position has regressed unstoppably to the current humiliation and mendicancy of begging the Americans to stay on their terms. We've been eating crow.

This is because the Aquino government is bankrupt, and the Americans know it. If, on top of its impecuniousness, they pull out and stop paying "rent" as well as the huge sums that go to their employes and to those who do business with the bases and the servicemen who man them, the Aquino administration will go under completely, and we may yet see such anarchy and disorders as we've never seen before.

But one can easily imagine Dick Cheney, as he gets ready to go to sleep, telling his wife, "Honey, did I ever get even with that...today!"

Mayor Gordon, Admiral Mercer Rift

HK2406090891 Quezon City MALAYA in English 23 Jun 91 p 4

[Editorial: "Rude Awakening"]

[Text] Looks like the world is turning topsy-turvy.

Can you imagine Mayor Richard Gordon of Olongapo, that great and good friend of the U.S. of A., demanding—and in the most strident accents too—the ouster of the American commander of Subic Naval Base, Admiral Raymond Mercer? Good grief, it's incredible—like Mamintal Tamano renouncing his servility to President Aquino.

Gordon was incensed that Mercer, during the worst of the Pinatubo explosions, would not think of allowing the Filipinos in Olongapo to seek refuge in his base. He said he had enough American evacuees from Clark Field on his hands and didn't have room for Filipino refugees.

The situation was subsequently aggravated when Gordon saw American Marines directing traffic in Olongapo. He blew his top. The U.S. Embassy lamely explained it had all been a mistake and the offending Marines had been withdrawn. Mercer sent crateloads of apples to Gordon for distribution to his constituents but the latter sent them right back. He wasn't going to be appeased—by apples or anything else.

This marks a truly unexpected crossroads in the young mayor's life. He has always been an ardent supporter of the U.S. bases and often sounded as if, were the decision left to him, he would let them stay on forever. When the killer earthquake struck last July he quickly mobilized a task force composed of American servicemen from Subic and led them in a dramatic dash to Cabanatuan to save lives, care for the injured and recover the dead.

Apparently Gordon assumed that, during Pinatubo's eruption, he would get the same open-ended cooperation and assistance from Subic. He was quickly set right. And the Americans seemed to have an iron-clad excuse: they had problems of their own.

Actually, the facade of total and utter indifference the Americans have shown towards the Filipinos' plight—and which they haven't moved a finger to disguise—is part of the war of nerves they have waged since the bases negotiations moved into the homestretch. The Americans, for example, undoubtedly have sophisticated and hi-tech equipment in their bases that could have facilitated and accelerated the cleanup of NAIA's [Ninoy Aquino International Airport] runways in lieu of the broomsticks actually employed. But no offer of help ever came from them; the phone never rang; you do your own thing, buddies, we'll do ours.

Then there were the much-too-casual remarks dropped by Defense Secretary Richard Cheney in Detroit suggesting the U.S. may abandon the bases altogether if an assessment should show that the damage from Pinatubo has been sweeping and the costs of reconstruction would be prohibitive. The remarks sent the entire Philippine government, from President Aquino (who had noisily snubbed Cheney last year) down into a frenzy, with her foreign secretary responding bravely that he listened only to the American negotiator, Richard Armitage, and not to the one person who exercises primary authority, control and supervision over all U.S. bases worldwide. Innocence is bliss?

If the objective of this cold war has been to wear down the Philippine government's resistance and defiance, the Americans must know themselves that this has long been accomplished. But, as is their style—and as was proven massively in the Gulf War—they're never happy with less than overkill. So their mills continue to grind slowly, and to grind exceedingly small.

It's a safe bet that Mayor Gordon never agreed with the passionate conviction of anti-bases Filipinos that the mere presence of a foreign power's armed forces on their soil infringed upon and severely diminished their sovereignty. He had no complaints when his relations with Subic base were ideal. It should be interesting to ask him today how he feels.

Has he had a rude awakening? Has he just experienced an unsettling, disorienting rite of passage? Does he now hold new and different perceptions about such abstract and at the same time not-so-abstract realities as sovereignty and respect, national dignity and pride?

The nationalists may wish to greet him: Welcome to the club. But from the less partisan and more elderly a more gentle: Live and learn.

Mitra on Talks' Possible Outcome

HK2406065191 Manila Manila Broadcasting Company DZRH in Tagalog 0030 GMT 24 Jun 91

[Interview with House Speaker Ramon Mitra Jr. by host Joe Taruc on "Liberty in Action" program—live]

[Excerpt] [passage omitted] [Taruc] You know, Speaker Mitra, since the eruption of Mt. Pinatubo, many people have become skeptical about the ongoing military bases negotiations. May we know your views about the possible outcome on Clark and Subic?

[Mitra] You know we have two groups of American friends. One group says there have been great damages and a large amount of money is needed to reconstruct. If we give them only a short duration, then they might decide not to continue. Another group, including Senator Lugar, says: That should not be the way to talk. Now that this [eruption] has occurred, the more we should show that we would like to be of help. We should not use this incident to force them into accepting a smaller amount [of bases compensation]. Even on our side, there are two groups. There is one which seems to be running after the Americans. And there is another which says that the Americans can go if they don't want to spend on the bases with only a seven-year retention period. Which is why my suggestion to the president when I was talking to her the other day is for us not to comment about it for the time being. We should just wait and see what the real policy of the United States is; if they are still willing to spend on the bases. We should not appear to be running after the Americans. It would not be good for our position if they see that we are even requesting them to come back. That cannot be. For them, the interest of the United States is what they will follow.

[Taruc] Is it not more appropriate that as early as this time, in spite of the devastation of Clark and Subic, the government should already take over and carry out necessary preparations on how the country can benefit from them?

[Mitra] That is what should be done right away. But what can we do about it right now? We cannot benefit from it [Clark]. It cannot be used as an airport now. And the land which is being occupied by Clark is a wasteland. How can you use that? Even in agriculture, we cannot use that.

[Taruc] Maybe in what you were referring to as asparagus plantation, that vast land can be utilized.

[Mitra] But we don't need something very vast. We need only a small place. Let's see if these Americans are really our friends who will look not only into their interests in the ongoing negotiation. Let's see. They say the talks will continue. But maybe it wouldn't be good to underplay the role of Secretary Cheney. We are saying that he knows nothing about the negotiations. How can he not know anything when he is the secretary of national defense? Second, we know how close Cheney is with Reagan [as heard]. Whatever he says will be followed, especially if it pertains to the military bases. Now, it will reach him that we are saying he doesn't know anything about this. Maybe what we need now is a friend and ally rather than an enemy. Isn't it? [passage omitted]

Roco Proposes Talks Suspension

HK2406124191 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 1100 GMT 24 Jun 91

[Text] Raul Roco, House assistant majority floor leader, proposed a temporary suspension of the U.S. bases talks. He said that the Philippines needs time to thoroughly study the issues related to the military bases. Roco said the U.S. position on the bases became uncertain due to the Mt. Pinatubo eruption. According to Roco, the Americans are gradually returning home, adding that it is possible to let the 16 September deadline for the U.S. bases withdrawal go by.

Fact-Finding Group Investigates

HK2406111391 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 24 Jun 91

[Text] The government has ordered the cessation inside Clark Air Base of bomb detonations which had alarmed the residents of Angeles City. This was Foreign Affairs Secretary Raul Manglapus' directive to base officials after visiting the area blanketed by thick ash. [Manglapus passage indistinct]

Meanwhile, the Lower House today sent a fact-finding committee to the areas heavily affected by the eruption of Mt. Pinatubo. Here is Anna Soriano with the details:

[Begin recording] The group is headed by Congressman Leonardo Guerrero, chairman of the House Committee on Agriculture. The Guerrero committee will assess the damage to farms as a result of the Mt. Pinatubo eruption. The committee will also investigate the reported unbecoming attitude of American authorities regarding the massive evacuation carried out immediately after ashfall reached Olongapo and Angeles Cities. It is believed that the result of the committee's investigation will be used by the Philippines as its basis for the formation of policies regarding the extension of the U.S. bases in the country. [end recording]

Manglapus Warns of Increased Rent

HK2406124091 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 1100 GMT 24 Jun 91

[Text] Foreign Affairs Secretary Raul Manglapus warned the Philippines may raise the rent for the United States' use of the military bases in the country. Manglapus stressed this would be the Philippines' response if the United States bargains for the rent because of the damage sustained by Clark Air Base. Manglapus said rehabilitation of the portion of Clark used by the Philippine Armed Forces would involve a considerable amount of money. It is reported that the damage to Clark and Subic Naval Base equals from 300 million to 1 billion dollars.

Manglapus on Negotiation Outcome

HK2506022391 Manila Far East Broadcasting Company in Tagalog 0100 GMT 25 Jun 91

[Text] Foreign Affairs Secretary Raul Manglapus warned Americans on the outcome of the military bases negotiation. He said the Americans are the ones asking for this talk because our Constitution states that the bases can only stay until the end of this year.

Aquino: No U.S. Decision Yet

HK2506095991 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 25 Jun 91

[By Dick Synchongco of DZRH Unit No. 6 in Malacanang]

[Text] President Cory Aquino stated today that there is no information yet on what the Americans would definitely like to do with Clark Air Base and Subic Naval Base and with the employees of the said bases.

Following this, the president once again stressed that the interest of the country will be the prime consideration of the government in its continuing negotiations with the United States regarding the extension of the U.S. bases' stay in the country.

The statement was rendered by the president in relation to an anticipated request from the Americans for a much lower compensation rate for their continued stay at the Clark and Subic bases.

Earlier, U.S. special negotiator Richard Armitage, announced that he will go back to the Philippines in order to continue the bases negotiations.

Meanwhile, President Cory Aquino will again fly and conduct a visual inspection of the areas devastated by the eruption of Mt. Pinatubo. The president recently went to the said areas but failed to conduct inspections due to bad weather.

Aquino Reportedly Firm on Terms

HK2506033191 Manila PHILIPPINE DAILY INQUIRER in English 25 Jun 91 pp 1, 10

[Text] The United States should pay more for its military bases here because Filipinos have suffered more than Americans from Mt. Pinatubo, Foreign Secretary Raul Manglapus yesterday said.

"There is no change at all in our position (in the bases talks) because the suffering of the Philippine economy is much, much more compared to the destruction at Clark," Manglapus told reporters.

In Malacanang, a spokesman said president Aquino will not ease up on terms for the continued stay of U.S. troops despite the damage to the two American bases.

"The presidential frame of mind is that we're firm on duration, firm on compensation, and that's it. Why do we have to worry about the American pullout. Let them come back," Press Undersecretary Horacio Paredes said.

The lease on Clark Air Base and Subic Naval Base expires in September, and talks on an extension have bogged down over the isues of compensation and duration.

Manila asked for $825 million a year in return for allowing the Americans to remain for seven more years. The United States offered $360 million annually for a 10-12 year extended stay.

Before Pinatubo's eruptions began June 9, the two sides had narrowed their differences. The Philippines was willing to accept half the $825 million in trade concessions and debt relief but stuck to the seven-year limit.

The United States has not announced any overall estimate of damage suffered by Clark and Subic during the eruptions. But Philippine government sources, speaking on condition of anonymity, said they were told by American officials that damage to Clark amounts to about $300 million.

Manglapus visited Clark on Sunday and was escorted around the base by Maj. Gen. William Studer, commander of the 13th U.S. Air Force.

"I was moved by the damages sustained by the U.S. just as I was even more moved by our suffering," Manglapus said.

Meanwhile, the chairman of the Senate Defense committee urged the President to establish a task force to study what to do with the bases if the Americans leave.

Last year, a presidential committee drafted plans to convert Clark into an international airport and Subic into civilian ship-repair facility.

But Sen. Ernesto Maceda said those plans were no longer feasible because of Pinatubo's threat.

"It appears that an airport at Clark is no longer feasible," Maceda said.

Maceda also said the United States should give the Philippines "an honest to goodness" answer whether or not it still wants to retain Clark.

He said it would be unfair for the Americans to leave on such short notice that the Philippines was unable to plan for the bases' use.

In another development, Armed Forces Chief of Staff Gen. Lisandro Abadia said the AFP [Armed Forces of the Philippines] had been informed by U.S. authorities they will explode five tons of munitions in Clark last week.

Sen. Wigberto Tanada urged the government to investigate the incident, saying it sowed fear among residents near the base.

Abadia said the explosions posed no danger to local residents, explaining the munitions destroyed were "conventional."

He said U.S. base officials ordered the weapons destroyed for "safety purposes" as these might fall into the hands of looters.

Meanwhile, Rear Admiral Thomas Mercer, American commander at Subic, rebutted Olongapo Mayor Richard Gordon's allegations that he refused Filipino evacuees access to the naval base at the height of the eruptions.

Mercer said it was not he but Brig. Gen. Artemio Tadiar, the Philipine base commander, who had control over the base.

"There were an awful lot of people at the height of the storm and it was very dangerous, it was very windy, the mud was actually falling, and earthquakes were rumbling though," Mercer said.

"And he (Gordon) was asking if we had any capacity to handle a large number of evacuees in the base. And I indicated we did not because we had so many people from Clark down there and they were living in gyms and there was danger that the roofs were collapsing—75 buildings collapsed. So I told him it would be safer for his people to stay where they are."

Clark's 'Excess Weapons' Destroyed

HK2506050191 Quezon City Radyo ng Bayan in Tagalog 0400 GMT 25 Jun 91

[Text] AFP [Armed Forces of the Philippines] Chief of Staff Lisandro Abadia confirmed the explosion of excess weapons on Clark Air Base by the Americans.

Abadia said that it was done in coordination with his office. The action was taken to prevent those arms from falling into the hands of persons who might take advantage, not to mention that they [the arms] might be damaged and can no longer be used.

Thousands of Americans evacuated Clark two days before the eruption of Mt. Pinatubo on 12 June, and on 21 June they destroyed excess weapons, which caused fears among residents around the bases.

Ramos, Cheney To Meet in Guam

HK2506031991 Manila BUSINESS WORLD in English 25 Jun 91 pp 1, 6

[By reporter Maricar S. Bautista]

[Text] Defense Secretary Fidel V. Ramos is set to meet his American counterpart Richard Cheney in Guam, a source close to the defense chief told BUSINESS WORLD.

The meeting, the source said, was originally scheduled to be in Washington at the end of this month. But because of Mt Pinatubo's eruption and Mr Ramos' being the chairman of the National Disaster Coordinating Council (NDCC), it was postponed.

The meeting has been reset tentatively for early next month.

The source also said the meeting was requested by Mr Cheney after Mr Ramos had to postpone his Washington trip.

The most important issue to be discussed is the continued stay of U.S. military facilities in the Philippines, the source said.

He also hinted that Mr Ramos expects to have "a difficult time" with the U.S. defense chief. "They might use as a leverage the damages on their facilities by the eruption of Mt Pinatubo," he said.

But, he stressed, Mr Ramos will make sure the country won't get a raw deal.

BUSINESS WORLD learned that the United States will probably let go of Clark Air Base but will retain Subic Naval Base. Although damage in Subic was estimated at $600 million and in Clark only $300 million, the source said it will be easier for the U.S. to pull out of the air base and transfer to Guam, a U.S. territory.

"Between the two, they're prepared to give up Clark," the source said.

The U.S. Government started evacuating 4,500 servicemen formerly stationed at Clark over the weekend. There has been no official word though from the Americans that they will abandon Clark.

Mr Cheney was in Manila February last year but met only with Mr Ramos after President Corazon Aquino refused to meet him.

During that meeting, Mr Ramos suggested a joint use of the bases. He was alleged to have forged a "secret deal" with Mr Cheney, which he denied.

Mr Ramos expressed then that he personally preferred to allow the Americans to stay for a gradual phase-out which would end on the centennial anniversary of Philippine independence in 1998.

When Mr Cheney left, he reaffirmed Washington's continued support to the Philippines.

Possible U.S. Abandonment Viewed

HK2506050791 Manila THE CHRONICLE in English 25 Jun 91 p 4

["On the Level" column by Alex Magno: "Clark Is an American Problem"]

[Text] Serious difference in opinion seems to have emerged in Washington over what to do with the debilitated Clark and Subic bases.

U.S. Secretary of Defense Dick Cheney has publicly recommended abandonment of the facilities should the cost of repairing them prove too stiff. That course of action, given deep cuts in the defense budget and realignment of expenditure to more sophisticated weaponry, appears most practical to the defense bureaucrats.

The diplomats at the Department of State are, by the nature of their trade, quite sensitive to the political fallout American abandonment of the facilities could generate. They are supported by influential politicians in the U.S. Congress who would rather assume the costs of rehabilitating the bases than absorb the negative political outcomes of sudden abandonment.

The diplomats and the politicians deal with the vagaries of symbolisms and sentiments. The defense bureaucrats deal more pragmatically with concrete problems of resource allocation.

A cost-benefit analysis of the bases, given their present condition, should sustain the inclination of the defense bureaucrats to abandon at least Clark Air Base.

It will cost a major sum to restore the air base to its pre-eruption utility. Even then, the uncertainty of future volcano activity shall cast a cloud of doubt on the wisdom of large investments in rehabilitation.

For sure, Clark Air Base is not going to be useful for at least a year. The task of clearing the ash and rebuilding damaged infrastructure shall require special appropriations. Expenditure has a way of bringing strategists to their senses.

Should the fury of Pinatubo linger on, the expenditure shall be for naught.

There is a bottomline to the ratio between expense and utility that shall be intolerable to bureaucrats.

Clark may be the largest air base outside the U.S. mainland. But this does not mean it is the most important.

The measure of Clark's importance in over-all U.S. strategy is indicated by the fact that they have withdrawn from the base the major combat squadrons long before Pinatubo unleashed its fury. The base is a scarecrow. Without substantial forces permanently stationed in it, its maintenance is largely for symbolic purposes.

With its pre-eruption force levels, the functions performed by Clark were actually redundant. The planes maintained in that base could have been relocated quite comfortably to the Cubi airstrip in the Subic base.

Clark was probably more useful to Singapore than it was to the U.S. The Singaporean Air Force used the base to train its pilots in bombing runs. Without Clark's Crow Valley range, the pilots of that city state will have to practice on Orchard Road.

The U.S. Air Force could very well retreat to Guam and their Hawaiian bases without suffering a significant decline in their forward deployment capabilities. Planes, unlike ships, could be moved to anywhere in the world in a matter of hours. In a real emergency, U.S. planes could refuel in their Japanese bases or even commandeer Changi airport in Singapore. Surely they will be welcomed at Villamor as long as they pay for their gas.

But then, even the likelihood of such an emergency requiring the scrambling of several squadrons and their insertion into this region is virtually nil. The aircraft carriers of the U.S. 7th Fleet are floating bases large enough to scare any Asian country looking for trouble.

Subic is vastly more useful for the Americans. Its harbor and storage facilities cannot be replaced easily. The U.S. Navy needs to be berthed in the region if the U.S. intends to project itself as a Pacific power.

It will take days for the fastest ships of the U.S. Navy to deploy from their mainland bases into the East Asian region. Even if the ships do move quickly, the problems of maintaining long supply lines and repairing disabled craft in a theater of operation far from the U.S. mainland make investments in the repair and rehabilitation worthwhile.

Dick Gordon should not be overly concerned his city will lose its precious clientele. The Americans need Subic more than Dick needs the rowdy servicemen, Pinatubo's eccentricity not withstanding.

Over the weekend, the angry mountain continued to shake the earth and throw up ash. The peril of mudflows haunts the huddled populations around the volcano.

The decision to finally abandon Clark is for the Americans to ponder. We have bigger problems to worry about.

Foreign Investment Drop Result

HK2506114791 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 1100 GMT 25 Jun 91

[Text] Investors are slowly leaving the country and this is expected to worsen due to the damage brought about by Mt. Pinatubo's eruption and the uncertainty over the issue of U.S. bases in the country. The Board of Investments reported that foreign investments declined by 28 percent in the first five months of this year. The stock market has also slumped by 11 percent since the eruption of Mt. Pinatubo. The fall in foreign investment is expected to further weaken the Philippine economy which has been savaged by the Gulf crisis and the series of calamities. The Mt. Pinatubo eruption has created new concern for investors because the possibility of a withdrawal of American troops has surfaced.

Suspension of Debt Payment During Crisis Urged

HK2406075291 Manila PHILIPPINE DAILY INQUIRER in English 22 Jun 91 pp 1, 11

[By Jose H. Macaspac III]

[Text] Senators Aquilino Pimentel and Joseph Estrada yesterday urged the Aquino administration to immediately suspend its foreign debt payments while the economy tries to recover from the devastation caused by the Mt. Pinatubo eruptions.

In pressing for the suspension of foreign debt payments, the two senators, in effect, have revived a Senate initiative for a debt moratorium unanimously adopted by both houses of Congress last year after the disaster caused by the killer earthquake of July 16, 1990.

The Bagong Alyansang Makabayan [New Nationalist Alliance] (Bayan) joined the agitation for a debt moratorium and also pressed its demand for the immediate rollback of oil products prices.

Pimentel, in an interview, said: "I'm calling upon the government to consider the immediate suspension of our debt servicing to enable the country to rehabilitate vast areas damaged by Mt. Pinatubo."

He said a sizeable chunk of the budgetary allocations for foreign debt servicing should be enough to provide the country with the necessary funds to undertake effective releif and rehabilitation operations in the various areas hardest hit by the calamity.

He said the rehabilitation could cost the Aquino government some P [Philippine pesos] 5 billion.

"I think our creditors will understand why we have to take a unilateral action on the foreign debt issue, considering we do not have enough monetary resources to alleviate the suffering of our people brought about by Mt. Pinatubo's eruptions," he said.

Pimentel pointed to damage assessment reports which recorded widespread devastation due to Mt. Pinatubo's eruptions, burying thousands of homes, destroying farmlands as well as roads and bridges in affected areas.

"Instead of justifying the veto of the debt cap, Malacanang should immediately take the necessary steps to source funds from all available savings to address the plight of our people," Pimentel said.

Estrada said that the damage and destruction to property, especially indigenous communities, have displaced a number of our people, causing them to lose their homes and livelihood, not unlike the killer earthquake experienced by the country last year. He said that this is another major opportunity for us to negotiate the suspension of payments so as to be able to use the money appropriated to debt servicing to rehabilitate these areas.

In urging for the suspension of debt payments, Estrada said, "I am sure that the IMF and our creditors will understand our predicament this time. We have religiously honored our commitments in the past in spite of calamities like the killer quake and the typhoons that visited the country last year. It is only a matter of explaining to them our situation, and on this, our negotiators must take the initiative."

"After the string of natural calamities since the earthquake last year, and now the eruption of Mt. Pinatubo, President Aquino must now realize that there is no honor, but shame, in allowing our people to suffer and die just because of her commitments to the International Monetary Fund and the oil cartel," Nelia Sancho, Bayan chairman said.

Bayan also said the government should now go beyond relief goods distribution and road clearing and start planning for the eventual relocation and resettlement particularly of farmers whose farms may not be arable for years because of the ashfall from Mt. Pinatubo's eruptions.

Editorial Deems Antinuclear Provision Useless

HK2406033091 Quezon City MALAYA in English 24 Jun 91 p 4

[Editorial: "Nuclear-Free Farce"]

[Text] The hope of a "nuclear-free" Philippines, fostered by the 1987 Constitution, is a snare and a delusion, a fraud and a farce. Section 8 of Article II, which enumerates the elements of a "Declaration of Principles and State Policies," provides: "The Philippines, consistent with the national interest, adopts and pursues a policy of freedom from nuclear weapons in its territory." It is a meaningless and useless provision, and always has been.

This is so because the same Constitution keeps the door open and prescribes the procedure, in Section 25 of Article XVIII, for allowing the U.S. bases to stay on beyond the September 1991 deadline. This can be done through a new treaty which, as everyone knows, has been the subject of negotiations between the two countries for more than a year now.

The notion of a "nuclear-free" Philippines and the continued operation of the U.S. facilities here are two incompatible and contradictory concepts. The appointive Constitutional Commission that President Aquino bundled together to write her Constitution always knew that we would be rid of nuclear weapons only if we got rid of the bases.

If its higher priority had been the former then it would have written into the Constitution a simple, clear-cut provision saying the bases would be dismantled and the Americans would leave by September 1991, period. No ifs or buts. That would have done it: no more U.S. bases, clearly no more possibility of nuclear weapons in the country.

Mrs. Aquino, in fact, in the run-up to the February 1986 snap elections made a public commitment that she would shut down the U.S. bases and throw out the Americans if she ever became president. This pledge was extracted from her by her nationalist political mentors and supporters, notably Lorenzo Tanada and Jose W. Diokno. But then, does anyone know what commitments—or "counter-commitments"—she made subsequently to the Americans in exchange for their decisive assistance in dumping President Marcos and installing her in his place?

In the current negotiations to extend the bases no one on the Philippine side has dared breathe the suggestion that any new Philippine-U.S. treaty should honor and respect Section 8 of Article II of the Constitution. In other words, even if allowed to keep their facilities the Americans will not be permitted to store any nuclear weapons in them, or transport them in their ships and planes across Philippine waters and air space, with the Philippine government exercising verification powers.

If this had been made a pre-condition for their staying on they would have said no thanks, don't bother and forget it. They would have started packing and would have been off our backs by September. But of course it is the Aquino government that wants them to stay even more than the Americans themselves, and so everyone has agreed to ignore Section 8 of Article II and pretend it does not exist.

It is simply inconceivable that the Americans would maintain military bases as large, as expensive and as sophisticated as Clark and Subic without providing them with maximum nuclear capability. It's dumb to speculate if there are nuclear weapons in both places. Of course they're there, mister, and you'd better believe it.

The U.S. policy of neither confirming nor denying, which it depicts are more inviolable than the Ten Commandments, is simply a cynical way of fending off anti-nuclear elements all around the world. "As long as we're not confirming, how can you be sure?"

Even when millions of Filipinos were threatened with nuclear explosions or leakages triggered by Mt. Pinatubo's eruption, lava and mud flows and heavy ashfalls, the Americans refused to budge from this policy. And there was nothing the Filipinos could do about it.

Thus the total vacuity, in the context of the current bases negotiations and the nature of the Philippine-U.S. relationship, of the Constitutional provision on a "nuclear-free" Philippines. But this is not the only useless, meaningless, ignored, abused and mangled provision in the Cory Constitution, said to be the wordiest and most stupid Constitution to have ever seen the light of day. There are scores of others, but they'd have to await future discussion.

Aquino Issues 'Extensive' Relief Work Orders

HK2406031691 Manila MANILA BULLETIN in English 24 Jun 91 pp 1, 18

[By Fred Lobo]

[Text] President Aquino ordered yesteday an extensive danger-zone mapping and an all-out disaster preparedness in areas surrounding Mt. Pinatubo to avert further casualties and injuries in the event of mudflows and flooding.

The President directed the National Food Authority (NFA) to release rice stocks immediately to the evacuation centers in areas affected by the Mt. Pinatubo eruptions to meet the needs of some 205,000 evacuees.

Mrs. Aquino issued the directives as expression of sympathy and pledges of support continue to reach Malacang from various organizations, countries and heads of states, including U.S. President George Bush.

The President called for a more extensive danger-zone mapping and disaster preparedness in a meeting yesterday at Malacanang with Phivolcs Director Raymundo Punongbayan, U.S. volcano experts and members of the Cabinet.

Punongbayan told the President that ash ejections and quakes continue and mudflow warning signals are still up. The people are being advised to stay away from previously defined mudflow danger zones and nearby low-lying areas in the vicinity of Mt. Pinatubo.

However, Mrs. Aquino was assured by Punongbayan and a group of volcano experts from the United States Geological Society, the USAID [United States Agency for International Development] and the CINPAC [as published] that the danger posed by the volcano will continue to be assessed with the use of satellite imaging and other means to determine critical areas where mudflows and flooding may occur.

Press Secretary Tomas Gomez III said in a briefing that aside from mudflows, flooding is feared in some areas where portions of rivers or drainage canals were filled with or covered by ash, sand and stones.

He said that a disaster preparedness briefing for local officials and other concerned agencies will be held this afternoon by Punongbayan at the Pampanga provincial capital.

The meeting is aimed at improving disaster preparedness from the provincial level down to the municipal level, Gomez said.

Also called by Mrs. Aquino to yesterday's Malacanang meeting were Executive Secretary Oscar Orbos, Defense Secretary Fidel Ramos who is chairman of the National Disaster Coordinating Council (NDCC), Agriculture Secretary Senen Bacani, Environment Secretary Fulgencio Factoran, Science and Technology Secretary Ceferino Follosco, AFP [Armed Forces of the Philippines] chief of staff Gen. Lisandro Abadia and PNP [Philippines National Police] Director-General Cesar Nazareno and Pampanga Gov. Bren Guiao.

Meanwhile, Mrs. Aquino directed the NFA to speedily release rice stocks to the Department of Social Welfare and Development (DSWD) for distribution to the evacuation centers.

The President also called for continued assistance to some 205,000 evacuees and other victims of Mt. Pinatubo by the DSWD, the Bigay Puso Foundation and other concerned groups. Mrs. Aquino issued the directives at last night's radio-TV program, "Magtanong sa Pangulo."

The President cited various groups for their relief operations but said that such activities should be continued in the wake of the continuing danger.

Mrs. Aquino said that the nation should also focus its energy on rehabilitation efforts for the affected areas and families.

She added that classes in Mt. Pinatubo affected areas remain suspended until further notice.

De Villa Reportedly Chosen To Replace Ramos

HK2506031591 Manila PHILIPPINE DAILY INQUIRER in English 25 Jun 91 p 6

[Text] President Aquino has chosen retired general Renato de Villa, former Armed Forces chief of staff, as the replacement of Defense Secretary Fidel V. Ramos, who is expected to resign soon to pursue his campaign for the presidency.

This was disclosed yesterday by Sen. Ernesto Maceda who said he got the information from Rep. Ronaldo Zamora (LDP [Struggle of Phhilippine Democrats] San Juan Mandaluyong) and Executive Secretary Oscar Orbos during the wedding of the son of Leon Rivera, mayor of Alaminos, Laguna.

Maceda said President Aquino instructed Speaker Ramon V. Mitra to deliver to De Villa his appointment papers. De Villa is in the United States attending to his ailing wife.

De Villa is believed to have accepted the appointment because he did not express any objections to it, Maceda quoted Orbos as saying.

Ramos, who has declared his intention to run as president in next year's elections, is expected to resign shortly before the campaign period officially starts this November.

The clamor for Ramos' resignation came shortly after he declared his intention to run as president next year.

Ramos is currently seeking the nomination of the pro-administration Laban ng Demokratikong Pilipino [LDP]. The nomination could deliver for him the much sought-after endorsement of Ms. Aquino.

Maceda said he would oppose the appointment of De Villa, once it is submitted for the Commission on Appointments for confirmation.

He said De Villa's record in the Armed Forces is marked with a series of failures, including the Camp Cawa-Cawa incident, where renegade policeman Rizal Alih who escaped in a hail of heavy fire after holding hostage and killing Brig. Gen. Eduardo Batalla and his aide in 1989. Maceda also cited the failed December 1989 coup as another blot in his military record.

Senate Considers Bill Boosting Taiwan Ties

HK2406034091 Manila THE CHRONICLE in English 24 Jun 91 p 1

[By Johanna Son]

[Text] The Senate committees on foreign relations and economic affairs have formally approved a bill directing the Philippines to boost commercial, semi-official ties with all countries that Manila does not officially recognize.

Senate Bill [SB] 1823 was endorsed recently by 17 members of the two committees. Sen. John Osmena abstained because of "serious" reservations on the policy laid down in the measure.

The bill—which would allow more active ties with Taiwan, North Korea and South Africa, among other countries—would allow the Philippines to step up economic, cultural, social and other people-to-people ties with a view to accelerating growth and tapping new markets.

In drafting SB 1823, the committees junked a proposal by Sen. Heherson Alvarez to explicitly pass legislation only to apply to Taiwan, whose officials have long clamored for increased recognition in law.

Sen. Leticia Shahani and Sen. Vicente Paterno, chairmen of the two committees, stressed that the amended bill is addressed not solely to Taiwan and shows a belief that official ties do not pose a hindrance to economic relations.

Under the bill, the Philippines provides protection to foreign investments similar to that extended to countries that Manila officially recognizes.

"All investments of a foreign entity shall enjoy pari passu with other foreign investments the full protection of Philippine laws," the bill provides.

This protection extends to the repatriation of investments, remittance of earnings, freedom from expropriation, requisition of investments and availment of investment incentives in preferred areas.

The bill also allows the visits of Filipino officials to any "foreign entity"—the term used for foreign country—and therefore repeals a ban on government officials to visit Taiwan.

EO [Executive Order] 313, drawn up supposedly to respect the one-China policy, also bars Filipino officials from receiving calls from visiting Taiwanese officials. The, bill also repeals EO 931, which puts Taiwan matters directly under the Office of the President.

The bill also authorizes the structure of semi-official relations, which would be conducted through private, non-stock, non-profit corporations with offices in Manila and in foreign entities.

In order not to ruffle the feathers of other countries like China, the bill clearly states: "Nothing in this act shall be construed to initiate diplomatic relations with or to recognize any foreign entity."

Thailand

Singapore Prime Minister Arrives, Meets Anan

BK2406141791 Bangkok Army Television Channel 5 in Thai 1230 GMT 24 Jun 91

[Text] Singapore Prime Minister Goh Chok Tong, accompanied by his wife and a delegation, arrived at the Bangkok airport at 1145 today for an official visit. He was welcomed upon arrival by Phaichit Uuthawikun, minister attached to the Prime Minister's Office, and officials from the Thai Foreign Ministry and the Singapore Embassy in Thailand.

Later on at Government House, Prime Minister Anan Panyarachun gave him an official welcome. The Singapore prime minister, accompanied by the Thai prime minister, received salutes from the honor guards from the three branches of the armed forces. The Thai and Singapore prime ministers, accompanied by their full delegations, then held an official consultation that lasted for about an hour.

Laddawan Wongsiwong, spokesperson of the Prime Minister's Office, reported after the meeting that they discussed ASEAN economic cooperation and Cambodia. The Thai prime minister called for ASEAN unity in order to strike a balance in their talks with other regional groupings. He also called on ASEAN countries to give importance to their close neighbors such as Burma, Laos, and Vietnam, in order to forge a stronger alliance in the region.

[Begin Laddawan recording] The prime minister said that, once ASEAN has gained strength through economic cooperation within the bloc, it should not overlook its four neighbors, namely Burma, Laos, Vietnam, and Cambodia. He suggested that those countries should be part of the ASEAN bloc as this will benefit ASEAN in terms of strength. The Singapore prime minister agreed with the prime minister. [end recording]

This evening, Prime Minister Anan Panyarachun is scheduled to host a dinner party in honor of the Singapore prime minister, his wife, and the Singapore delegation. The Thai cabinet members will attend the function.

Discussions on ASEAN, Cambodia

BK2406131591 Singapore Singapore Broadcasting Corporation in English 1100 GMT 24 Jun 91

[Text] Singapore and Thailand have agreed that ASEAN should (?honestly) expand economic cooperation to remain vibrant and relevant in the face of changing international situation—especially in Europe and North America. In this light, Prime Minister Mr. Goh Chok Tong and his Thai counterpart, Mr. Anan Panyarachun, agreed that the next ASEAN summit should focus on economic issues.

This is the main part of the bilateral discussions Mr. Goh had with Mr. Anan during his official visit to Thailand. Other issues discussed were the East Asia Economic Grouping and those on cultural ties in the intra-ASEAN economic relations. Most of these [word indistinct] proposals were complimentary and should be seriously studied for the summit. The fourth ASEAN summit is due to be held in Singapore early next year.

Their discussions also touched on Cambodia where Mr. Goh was briefed on the latest developments of the Supreme National Council meeting now taking place in the Thai resort of Phatthaya. Both leaders welcomed the latest initiatives and hoped further progress will be made urgently.

The 40-minute meeting was a continuation of their discussions in Singapore two weeks ago when Mr. Anan was here on an official visit. Today's talks were held in a very good atmosphere and the two prime ministers share a pragmatic approach towards regional and international issues.

Intra-ASEAN Cooperation Urged

BK2506010991 Bangkok THE NATION in English 25 Jun 91 p A3

[Text] Thailand and Singapore yesterday agreed to jointly push for greater economic cooperation among ASEAN members and approved in principle an idea to include the three Indochinese countries and Burma in the ASEAN in the future.

Visiting Singapore Prime Minister Goh Chok Tong and his Thai counterpart Anan Panyarachun discussed during their meeting yesterday the need to strengthen new areas of cooperation since the Cambodian conflict, a long rallying point of ASEAN, appears to be coming to an end.

Goh arrived here yesterday for a two-day official visit, his first to Thailand since taking over from former Prime Minister Lee Kuan Yew last November.

Goh urged Anan to help push for more economic cooperation among ASEAN countries to meet the increasing threat of new economic groups in Europe and America.

In his prepared speech given to Anan at the state dinner hosted by the Thai premier at Government House, Goh said closer cooperation was necessary now that the "single European Market will be formed in 1992" and that the North America Free Trade Area is being created.

The North America Free Trade Area brings together the United States, Canada, and Mexico.

The Singapore prime minister said ASEAN members should now abandon "out-of-date thinking that ASEAN countries are primarily competing against each other" in terms of products.

"ASEAN products are not primarily competing against one another within ASEAN," Goh said in the speech. "They compete against other products in worldwide markets."

However, Goh admitted that ASEAN countries competed against each other in wooing foreign investment.

Thai government spokeswoman Laddawan Wongsiwong said both leaders agreed that plans to promote ASEAN cooperation must not obstruct a Malaysian ambitious proposal to set up new economic grouping with ASEAN members at its core.

Malaysian Prime Minister Mahathir Mohamad proposed the establishment of the East Asian Economic Grouping (EAEG) which will group the ASEAN members, South Korea, Burma, Cambodia, Vietnam, Laos and other countries in the region.

Mahathir proposed the EAEG to counter the emerging North American Free Trade Agreement. The proposal was also prompted by the failure of the Uruguay Round of trade talks.

The EAEG has yet to receive formal approval of other ASEAN members and is one of the main topics to be discussed at the ASEAN Foreign Ministers meeting in Kuala Lumpur next month.

The United States has rejected Mahathir's proposal, saying that it duplicates the functions of the Asian-Pacific Economic Cooperation (APEC) of which the US is a member.

Laddawan said Goh supported Anan's opinion that after the current ASEAN members are able to tighten economic cooperation among themselves, they shold think about including the four neighbouring countries of Laos, Cambodia, Vietnam and Burma as members of ASEAN.

Laddawan said both leaders saw the need for the ASEAN to be more united economically in order to gain more bargaining power with other nations.

"The Thai prime minister wants to see more collaboration among ASEAN countries which have been forming economic relationships with other countries by themselves instead of in concert with other ASEAN members," Laddawan said.

She said Anan had discussed with Goh the fact that ASEAN countries have an advantage in their economic development because of the generally low wages in the member countries.

After the discussion, Goh was accompanied by Anan to an audience with their majesties the king and the queen at Hua Hin palace before returning to attend a grand dinner at the Government House hosted by Prime Minister Anan.

Goh, Anan Dinner Speeches

BK2506080191 Bangkok Radio Thailand Network in English 0000 GMT 25 Jun 91

[Text] Visiting Singapore Prime Minister Goh Chok Tong paid a courtesy call on Prime Minister Anan Panyarachun yesterday afternoon during which both sides held talks on bilateral, regional, and international issues. Major topics discussed during the meeting included the Cambodian problem, the future direction of ASEAN cooperation, development of Thai-Singaporean relations, Malaysia's proposal on the East Asia economic grouping, and regional issues.

After the meeting with Prime Minister Anan, the Singaporean prime minister and his wife were granted an audience with their majesties the king and queen at Krai Kangwon Palace in Hua Hin. Prime Minister Anan hosted a dinner party in honor of the Singaporean prime minister and his wife last night at Santi Maitri Hall in the Government House, where the two prime ministers exchanged warm and friendly greetings in their dinner speeches.

[Begin recording] [Anan] There is much that the Thai people admire about Singapore and her people. With the second highest standard of living in Asia, Singapore stands out as a model of economic success. No doubt, the key to your achievements has been the ingenuity and drive for excellence of the Singapore people themselves. Singapore has also been fortunate to have had leaders who were possessed of the bold vision of turning Singapore into a [word indistinct] and vibrant nation. Indeed, it is the inspired leadership of the kind that you have shown in your seven months in office, which has made all the difference for Singapore.

The leaders who founded ASEAN in 1967 were similarly guided by vision of turning Southeast Asia into a community of peace [words indistinct] our present prosperity. It is now the task of both of us in our generation and the next to carry forward that vision. It is now time for us to take a critical and objective look at ASEAN and the policies and the directions for the future. Our goals and objectives must be to assure that ASEAN remains relevant to the aspirations and interests of our people as we embark on the century.

[Goh] Thailand's vigorous economic growth in the last few years is spectacular. I have read reports and seen the statistics, but nothing beats a first hand view. The vibrancy of the economy and the confidence of the people are positive. Your more liberal economic policy, your emphasis on market competition, and your belief in cooperation among ASEAN members will drive Thailand forward at great speed. I am optimistic of Thailand's and the region's future. ASEAN countries are likely to enjoy a [word indistinct] of investment in industry and high economic growth.

(?However), sometimes I am a little apprehensive because we are in a period of great change. One [words indistinct] how ASEAN would evolve after the Cambodian problem is settled. Some believe that when this happens, ASEAN will be deprived of the political rallying point. It is true that the Cambodian conflict gave ASEAN a common cause and contributed to its close political cooperation in the last decade. But ASEAN's unity and dynamism are based on our common interest in security and stability in order to achieve economic development. These interests will endure beyond the resolution of the Cambodian problem. In the 24 years since 1967, when we first gathered in Bangkok to found ASEAN, we have developed a core set of shared values and a habit of regular consultation to reach a consensus on major issues. The settlement of the Cambodian problem will free ASEAN to pursue new areas of cooperation. [end recording]

The official visit to Thailand by the Singaporean prime minister is part of his ASEAN familiarization tour after he was appointed the second Singaporean prime minister succeeding Mr. Lee Kuan Yew in November last year. Mr. Goh Chok Tong and his 16-member delegation will depart from Thailand today at 1630 after holding a press conference at the Oriental Hotel at 1500.

Anan on Establishment of Embassy in Cambodia

BK2506040091 Bangkok Radio Thailand Network in English 0000 GMT 25 Jun 91

[Text] Prime Minister Anan Panyarachun has said whether Thailand will open an embassy in Cambodia sooner or later depends on the results of the ongoing two-day conference of Cambodia's Supreme National Council [SNC] in the Thai eastern seaside resort of Phatthaya. The prime minister told reporters at the Government House over the weekend that the government has to wait for more information including whether the SNC will continue to function permanently as head of the four Cambodian factions and whether it will handle foreign affairs of the country. Asked by newsmen about the opening of a Siam Commercial Bank branch in Phnom Penh, Mr. Anan said the matter might have come under the agreement made between the Thai private sector and the current Cambodian Administration. The prime minister also expressed hope that the SNC meeting which began in Phatthaya yesterday would lead to permanent peace and reconciliation in Cambodia.

The SNC meeting started at 1000 at the Siam Ballroom of the Royal Cliff Beach Hotel, with the 12 SNC members attending and having Prince Norodom Sihanouk as chairman. Prior to the meeting, Prince Norodom Ranariddh said the meeting would tackle the performance of the SNC and that he was rather confident of the meeting's success as the SNC has been practically recognized by every Cambodian faction.

Meanwhile, Mr Son Sann, a Cambodian leader, said he would propose the Angkor Wat as a neutral zone selected for tourism.

Apart from the SNC members, the meeting was also joined by special representative of the UN secretary general, Rafiuddin Ahmed, as well as representatives of the French and Indonesian foreign ministers, all of whom attended the meeting as observers.

Editorial Views Phatthaya SNC Meeting

BK2506002991 Bangkok BANGKOK POST in English 25 Jun 91 p 4

[Editorial: "Cambodia's Future in Its Own Hands"]

[Text] The convening of the Supreme National Council (SNC) meeting in Phatthaya yesterday was in itself a significant development, at least in the symbolic sense, because it was the first time that all four rival Khmer factions chose to formally meet among themselves to thrash out remaining differences in the way of a final political settlement. What was also encouraging was the substantive agreement from the first round of talks yesterday among the warring factions on an indefinite extension of the ceasefire and a cessation of foreign military assistance. The fact that the tripartite resistance headed by Prince Norodom Sihanouk and the Phnom Penh regime represented by Premier Hun Sen agreed to brush aside potentially contentious questions such as the SNC chairmanship and instead concentrate on areas where they could find common ground might seem to reflect their genuine desire to push forward with the peace process.

But while there is hope that the outcome from the current SNC meeting will mark the beginning of the end of this protracted conflict, the progress so far is still insufficient for any unqualified optimism. For a start, the rival Khmer factions have yet to collectively work out effective mechanisms to monitor the ceasefire and verify the cessation of foreign arms supply. The other major complicating factor focuses on the essence of the so-called Perm Five peace plan, notably the comprehensive action programme to be administered by the United Nations in the transitory period leading up to general elections. The Khmer Rouge and the Phnom Penh regime in particular have voiced sharp differences over this crucial point and it has yet to be seen whether a compromise solution can be hammered out.

What is of immediate concern as it can have a direct impact on the shape of the conflict in the weeks and months ahead is how to make the agreement on the cessation of foreign arms aid stick. The conflicting protagonists in the Cambodian conflict, both Khmer and non-Khmer, can argue in favour of, or against, making the cessation question separate from the comprehensive peace package. But the fact remains that there can be no end to the armed conflict unless foreign countries which have been supplying arms to the rival factions stop doing so. Now that the Khmer factions have themselves initiated agreement on this vital question, it is the duty of their foreign suppliers to respond accordingly.

The various foreign protagonists in the Cambodian conflict have often proclaimed their desire to help bring about peace. Now is the time to put to the test the sincerity of countries like China and Vietnam, the two key sponsors of the Khmer Rouge and the Phnom Penh regime respectively. Peking claimed it has stopped supplying arms to the Khmer Rouge several months ago, though Western intelligence sources and the large caches of Chinese arms which were seized by Phnom Penh and put on display in Battambang recently suggested otherwise. In order to make the arms moratorium stick, Thailand will have to contribute its share, too, by ensuring that no foreign weapons are allowed to transit through Thai territory. Vietnam in the meantime will have to disprove intermittent charges that it has redeployed some military units to aid the Phnom Penh forces, particularly those that have come under Khmer Rouge attacks.

Once the question of foreign military assistance—or interference—is resolved, other remaining problems become internal matters to be settled among the Khmer factions themselves. In the final analysis, the future of the Cambodian people is in their own hands. The various faction leaders can perpetuate the sufferings of their people by carrying on their bickerings over the various components of the peace plan, or they can try to effect speedy progress by approaching each other in a mature and conciliatory manner.

International interests will no doubt gradually dissipate if they choose the former course; the latter option meanwhile will usher in a new dawn for Cambodia which is almost certain to guarantee a massive infusion of foreign economic assistance to help bring the country into mainstream Southeast Asia.

UN Political Settlement for Cambodia Considered

BK2206035691 Bangkok THE NATION in English
22 Jun 91 p A8

[Editorial: "Flaws in UN Peace Plan"]

[Text] The Cambodian conundrum continues, and now moves from Jakarta to Phatthaya on Monday. Leaving aside the polemics of Indochinese politics, with the mercurial Prince Norodom Sihanouk doing an extraordinary volte-face and joining the Supreme National Council as an ordinary member, instead of chairman of the council, the bone of contention will still be the United Nations' peace plan formulated chiefly by the five permanent members of the UN Security Council last summer.

The plan would vest formal sovereignty in the SNC, which includes representatives of all the four Cambodian warring factions, while the UN temporarily takes over by way of the United Nations Transitional Authority on Cambodia (UNTAC), enforces a cease-fire, and organizes a general election.

The causes of the current Cambodian conflict are varied and complex. The roots go back to the Vietnam War and earlier, to the horrors of the Khmer Rouge regime, to the conflict between Cambodia and Vietnam during the Khmer Rouge era, and to the rift between Vietnam and China after the Vietnam War. Today many of the wounds of the past have still not healed. And a large number of Cambodians live in fear of the return of the Khmer Rouge leaders responsible for the deaths of more than a million of their compatriots.

Everyday life in Cambodia is often hampered by concerns over the war, more so now with the Khmer Rouge and other forces opposing the Hun Sen government in Phnom Penh stepping up their offensive along the border in the north, south, and a few areas in the east following the withdrawal of Vietnamese troops in September 1988.

The UN peace plan, known as the draft Comprehensive Political Settlement Agreement (CPSA), is a laudable effort on the part of the Permanent Five and it is the UN's most ambitious peace initiative to date. Still its shortcomings have to be underlined and corrective measures taken.

The drafters of the CPSA have taken the remarkable success of the UN supervision of the elections in Namibia as an example to be incorporated in the Cambodian peace plan. The crux of the matter however is not organizing a free and fair election in Cambodia, but to prevent the return of the genocidal policy of the Khmer Rouge and to create a framework for all the warring factions to compete for power through peaceful political means.

One of the most comprehensive critiques of the CPSA has been done by Raoul Jenner, a former political adviser to the Belgian foreign minister, and now a diplomatic adviser to the NGO [non-governmental organization] Forum on Cambodia. Jenner argues that there is a link between a complete and verified Vietnamese withdrawal and the non-return of the genocidal Khmer rouge policy—but the draft CPSA does not deal with this link.

"The Permanent Five ought to accept this profound reality in Cambodia. To eliminate the possibility of the return to power of the Khmer Rouge is also to eliminate the possibility of Vietnamese interference," Jenner contends in his critique.

Jenner adds that the UN proposals instead rely overwhelmingly on the goodwill and honesty of all the warring factions—a doubtful basis for peace, considering the record of some of them.

Many argue that the electoral gains by the Khmer Rouge will be minimal, but relief officials will testify that the present cadreship of this radical communist faction comprises young people who do not know what happened under the rule of Pol Pot during 1975-78. The Khmer Rouge will also try to win seats by exploiting its alliance since 1982 with the two non-communist resistance groups headed by Prince Sihanouk and former premier Son Sann of the Khmer People's National Liberation Front.

The inevitable sad fact is that the Khmer Rouge will certainly have memebers of parliament in Phnom Penh, and they will escape prosecution for past war crimes of a genocidal nature. But the Khmer Rouge by themselves cannot be isolated in any peace settlement and the election cannot be "fixed" as it goes against the essential components for the national reconciliation of Cambodia. The people of Cambodia must be able to make their own free choice.

To contain the Khmer Rouge from returning to their genocidal past, the UN peace plan should ensure that all military and financial aid to these radical communists be cut off completely and they will no longer be able to use sanctuaries along the Thai-Cambodian border.

The Cambodian people's overwhelming desire for peace is long overdue. The UN peace plan in its present context could sow the seeds of a new disaster unless serious attempts are made to correct its flaws.

The battered people have suffered enough and each time there is an impasse in the peace process, they are the ones who end up the ultimate losers.

As it stands now, the draft Comprehensive Political Settlement Agreement does not preclude the return of the Khmer Rouge, whose ruthlessness during 1975-78 was one of the root causes of the current Cambodian problem.

Industry Minister Meets DPRK Trade Minister

BK2506091791 Bangkok Radio Thailand Network in Thai 0530 GMT 25 Jun 91

[Statement by Industry Minister Sippanon Ketuthat; date, place not given—recorded]

[Text] Thailand proposed joint investment with Korea especially in the field of agroindustry, food and animal feed industry, and animal husbandry. Korea expressed interest in our animal feed industry which it said is quite advanced. Korea also expressed interest in conducting a joint venture with Thailand, such as in the construction industry, which is growing. Korea wishes to expand trade exchanges with Thailand. It wishes to sell cement and steel to us, whereas Thailand can export to Korea rice, rubber, and palm oil. I proposed that businessmen of both countries should meet if they wish to cooperate in trade and investment. I suggested that Korea invite Thai businessmen to attend its trade expositions.

Fishing Boats Released, Vietnamese Piracy Curbed

BK2506090791 Bangkok BAN MUANG in Thai 25 Jun 91 p 26

[Text] According to 4th Army Region Commander Lieutenant General Kitti Rattanachaya, in his position as director of the forward command for the suppression of Vietnamese pirates who prey on Thai fishing boats, he received a report from the Navy on 23 June which said Vietnam had released seven Thai fishing boats, three of which will return to Songkhla on the same day. Kitti said this was good news and that a Navy ship would be sent to verify the report and escort the fishing boats to shore.

Kitti said no ransom was paid for the release of the seven boats. He pointed out that his office had suggested to the government to urgently negotiate with Vietnam on the piracy against Thai boats. Following the issue closely, he learned that Vietnam was aware of the piracy problem, and he felt that action by his center, the government through the Foreign Ministry, and the supreme command led to Vietnam releasing the boats.

Kitti said to date his office has been been successful in affecting the release of 13 Thai fishing boats which were robbed by Vietnamese pirates as well as the release of 123 crewmen of Vietnamese pirate boats who had been arrested. After one week of operations by his office, which sent navy ships on patrols and assigned soldiers to fishing boats, there were no piracy acts. Kitti felt that piracy acts would now stop completely because the Vietnamese Government probably has issued an order of one type or another against such acts.

Espionage Ruled Out in Soviet Air Intrusion

BK2506010191 Bangkok THE NATION in English 25 Jun 91 p A2

[Text] Udon Thani—The Air Force yesterday ruled out espionage in the emergency landing of four Soviet aircraft in this northeastern province on Saturday and said the planes will be released soon.

Air Force Chief of Staff ACM [Air Chief Marshal] Anan Kalintha said in Bangkok that the four planes would be allowed to proceed to their original destination of Vientiane within a few days.

Anan's assistant, Air Marshal Prawit Photchanapraphat, who led a committee to investigate the landing of four Antonov-2 12-seater transport planes, said his committee had ruled out espionage as being a factor in the incident.

Prawit and his team, including a Russian-language interpreter from the National Security Centre, arrived at Udon Thani town yesterday where they questioned for about three hours the fifteen Soviet officials and a Laotian navigator who were aboard the planes.

The twin-engine propeller planes made an emergency landing at the compound of the Voice of America relay station, about 80 kilometres from the Lao border. The vast dirt area where the planes landed is to be the site of a transmission tower.

After the interrogation, Prawit and his team inspected the planes at the VOA station compound in Ban Duang district.

Prawit said his committee found out it would have been impossible for the Soviet officials to conduct any acts of spying and that the planes were not equipped with any sophisticated communications equipment.

The assistant Air Force chief of staff said the initial investigation showed that the Soviets had no choice other than making the emergency landing.

"The squadron leader's plane has only 25 litres of petrol left," Prawit said.

Citing VOA officials' accounts, he said the planes' pilots had apparently not wanted to land at the construction site because the planes had circled for 40 minutes before landing.

The Soviet officials were quoted as saying that they got lost during a thunderstorm after taking off from southern Vietnam's Danang airport. The planes were being flown to Vientiane to be handed over to the Lao government which had reportedly bought them for commercial purposes.

Prawit denied that the Air Force had failed to detect the planes when they entered Thai airspace.

"We saw the planes on our radar screens immediately after they entered our airspace," Prawit said.

The assistant chief of staff said the planes had sought permission to make emergency landings because of low petrol but contact was lost before permission could be granted.

Prawit also ruled out the possibility that the Soviet officials were trying to defect and seek political asylum.

"They asked us when will they be allowed to go home," Prawit said.

A group of officials from the Vientiane-based Soviet Embassy yesterday met Udon Thani Governor Thawat Pothisuthon to seek permission to visit the fifteen Soviets being detained at the Paradise Hotel.

Following questioning by Prawit's team, the Soviet officials were allowed to come out of their rooms to meet each other and security on the floor where they are being detained was relaxed. On Saturday and Sunday, each official had been confined to a separate room and was not allowed to come out.

Textile Talks With U.S. Begin in Phuket

BK2506003991 Bangkok BANGKOK POST in English 25 Jun 91 p17, 26

[Text] Phuket—Talks aimed at reaching agreement on fabric trade between Thailand and the United States began here yesterday, with both sides believed to be ready to compromise.

Foreign Trade Department director general Charae Chutharattanakun, who heads the Thai delegation, told BUSINESS POST teams of negotiators would try to establish the broad framework for a new fabric trade agreement at the tenth round of textile talks.

The previous textile agreement between the countries expired in 1988.

The ninth round of talks, in Washington, broke a long-standing impasse on apparels.

The delegations had yet to table and discuss each other's proposals on Thai fabric exports to the US, Mr Charae said.

Although it was too early to predict the outcome, he was optimistic that progress would be made to pave the way for future, more detailed, negotiations.

A Thai Textile Manufacturing Association (TTMA) source said the US was expected to table details of the fabric proposal which it first raised at the Washington meeting.

Under the proposal, the US wanted to divide fabric quotas into three separate areas, which had not yet been detailed.

Only 14 categories of Thai fabric exports to the US were subject to quota control under the previous agreement. The remainders were quota free.

Thailand had insisted that it would not accept any US proposal to impose an aggregate quota, or cap, on Thai fabric shipments.

The source suggested there were two ways the parties could reach a compromise.

The first was for Washington to maintain the previous deal and increase export quotas for the 14 categories covered.

The second, which required greater compromise between the parties, was for Thailand to accept Washigngton's aggregate limit proposal on the proviso that the US provide a "substantial" increase in quota volume.

"The bigger (quota) volume would enable Thailand to effectively administer the quota," the source said.

"We (the TTMA) believe this would allow the talks to progress satisfactorily."

Textile trade between the countries was being regulated by the Multi-Fibre Arrangements which regulate global textile trade until a new textile deal could be struck.

The 13-member US delegation to Phuket was led by chief US textile negotiator Ron Sorini and comprised five government officials and eight private sector representatives.

The Thai private sector was represented by TTMA president Phongsak Atsakun and Thai Garment Manufacturers Association president Wirot Amatakunchai.

The talks were scheduled to last three days.

Amaret Seeks Japanese Help on Trade Deficits

BK2406143991 Bangkok Voice of Free Asia in Thai 1030 GMT 24 Jun 91

[Text] Commerce Minister Amaret Sila-on reported on talks with Japan during his visit to that country on 17-21 June. He said Japan promised to solve the problem of trade deficits for Thailand. He proposed that Japan import more vegetables and fruits from Thailand, such as mangos, mangosteens, and pomelos. Thailand meanwhile pledged to upgrade control standards on its exports. Japan agreed to cooperate with Thailand by increasing imports from Thailand.

Thailand is suffering from account deficits due to heavy deficits in trade. Yet it feels that limiting imports from foreign countries to solve the problem would contradict its free trade policy. Thailand requested help from Japan in solving the problem because Thailand suffered heavy deficits in trade with Japan. It proposed that Japan open factories in Thailand to manufacture goods for local consumption, or to sell technology to Thailand in order to help Thailand improve its standards in manufacturing products for exports to Japan.

Central Bank To Ease Tight Money Situation

BK2506005591 Bangkok THE NATION in English 25 Jun 91 p A1

[Text] The Bank of Thailand yesterday injected baht 6 billion into the money market as a temporary fix for the tight money situation that has prevailed since late last month and that has been partly blamed for a steep drop in the Stock Exchange of Thailand (SET) index.

But the capital injected by the central bank through the repurchase market is considered a meagre amount given that the government had earlier absorbed up to baht 26 billion in corporate income tax revenues from the economy.

In addition, the government took in some baht 4 billion more recently with the monthly collection of business taxes and withholding tax on personal incomes, further aggravating the cash-flow problem.

The tight money situation has sent stock prices tumbling in the past week. The SET index shed 19.05 points in yesterday's trading to finish at 754.49, the lowest since Feb 25, when stock prices dived to 734.24 in the aftermath of the Feb 23 coup.

The SET gradually recovered to break the 900-point barrier in April. Since then, however, a spate of bad news including the withdrawal of sizeable amounts of foreign capital and a widening current acount deficit has dampened the market mood.

Trading volume yesterday was only about baht 2.89 billion.

Sirichai Sakhonrattanakun, deputy director of the banking department of the Bank of Thailand, told THE NATION that yesterday's injection of capital was the first of its kind since last September, when a tight money situation was afflicting the economy.

He said the measure was only temporary because the bank would consider absorbing the amount back from the market in one or two weeks.

The capital was made available to commercial banks who may seek loans by selling their bonds to the central bank in the repurchase market.

Sirichai said that the central bank dumped baht 4.5 billion in yesterday morning's trading session at the repurchase market, and injected another baht 1.2 billion in the afternoon session.

He did not rule out the possibility that the central bank might inject more capital if a serious demand persisted.

Despite the move, he reaffirmed the long-term necessity of the bank pursuing a strict monetary policy to curb overspending by the private sector. This he said would be accomplished by restricting credit expansion by commercial banks to 25 percent this year.

He said that the capital injected through the repurchase market could be taken back from the system in seven or 14 days.

Apart from the loss of up to baht 30 billion in tax payments from the market, private enterprises also need cash for salary payments and half-year bonus payments to their employees.

Sirichai denied that rumours about an imminent baht devaluation was the "major factor" responsible for the tight money situation. Similar rumours hit the economy last September.

Banking sources said that the growing trade and current account deficit in the first months of this year had fuelled speculation about an imminent baht devaluation. The spread of the rumours reportedly slowed the inflow of capital and loans from foreign countries, adding to the tight money situation.

The weakening of the baht came as the US dollar has been growing stronger in the currency exchange market. The exchange rate between the two currencies has been moving between baht 25.77 and baht 25.85 to the dollar.

Net capital inflow in the first quarter of this year amounted to only about US$3.2 billion, or an average of US$800 million each month.

The assurance by the central bank that the baht would not be devalued is expected to put the rumours to rest, gradually restoring confidence in the market. As a result, the capital inflow situation should return to normal in the near future, the banking sources said.

Vietnam

Foreign Minister Welcomes Cambodian Cease-Fire

BK2506060691 Hong Kong AFP in English 0605 GMT 25 Jun 91

[Text] Hanoi, June 25 (AFP)—Phnom Penh won "a very big victory" in the recent agreement among the Cambodian factions for a cease-fire and a halt to foreign military aid, Vietnamese Foreign Minister Nguyen Co Thach said Tuesday.

"It is a very big victory because the five permanent members of the United Nations Security Council wanted to dismantle the Phnom Penh regime," Mr. Thach told the Seventh Congress of the Vietnamese Communist Party, which convened here Monday.

"The Cambodian comrades won 70 per cent of the victory," added the minister, whose speech was transmitted over closed-circuit television.

The four warring Cambodian factions agreed Sunday in Bangkok and confirmed Monday at the Thai seaside resort of Phatthaya, that they would observe an indefinite cease-fire and implement a halt to foreign military aid.

Prince Sihanouk said Sunday that each side in the Cambodian conflict would "continue to function, each in its own zone, with its own administration."

This issue had been a main stumbling block in Phnom Penh's acceptance of a peace blueprint for Cambodia put forward by the United Nations.

Economist on Increasing Foreign Investment

BK2506100091 Hong Kong AFP in English 0938 GMT 25 Jun 91

[Text] Hanoi, June 25 (AFP)—Vietnam has licensed almost 300 direct foreign investment projects with capital of more than two billion dollars over the past three years but more legislation is needed to improve the investment climate, a senior economist said here Tuesday.

U.S. firms are not included in this total due to a Washington trade embargo and the official warned that Hanoi could not hold the door open for the United States indefinitely.

"Our economy needs fast and speedy development. If U.S. companies come too late, we cannot wait," Ngoc Xuan, president of the State Commission for Cooperation and Foreign Investment, told journalists. He said U.S. oil companies interested in specific blocks had held "specific negotiations on specific projects" with Vietnamese officials, adding that many areas and blocks remained unexplored for oil and gas.

"We feel we have honoured all our responsibilities and the ball is now in the U.S. court."

Mr. Xuan said that as of June licences had been issued to 273 overseas direct investment projects with a capital of some two billion dollars. These broke down into 103 ventures in industry, 12 in oil and gas, 74 agriculture, forestry or marine projects, 55 hotel and tourism schemes, 23 telecommunications and posts enterprises, three construction programmes and one banking venture. The remaining two projects were not identified.

They had an investment capital of more than two billion dollars, of which more than 400 million dollars was in current operation, Mr. Xuan said, while adding that more than 40 large scale projects were under consideration.

He said more than 60 per cent of all investment capital came from Asian countries, including Hong Kong, Taiwan, Thailand, Japan and South Korea.

Mr. Xuan said that while prospects for investment in Vietnam were bright, difficulties, including poor infrastructure, inadequate mechanism structures and substandard services, persisted despite the promulgation of a foreign investment code in late 1987.

"Vietnam is planning for the future so these shortcomings can be overcome," added the official, who was speaking to reporters on the fringe of the Seventh Congress of the Vietnam Communist Party, which is addressing foreign economic policy among other issues.

Vietnam has promulgated more than 50 sub-laws to the investment code covering key areas like banking, finance, technology transfers, labour, wages and travel to and from Vietnam.

"Foreigners, as well as Vietnamese, think that these legal documents fundamentally can help meet the requirements of foreign investors," Mr. Xuan said, while acknowledging that Vietnam realised "it is necessary for it to make greater efforts."

"It is necessary to promulgate all the laws and legislation concerning foreign direct investment in Vietnam, for example maritime law, aviation law and the oil and gas law—these are the legal documents which Vietnam is still lacking. In the foreign investment operation area there will be some improvements concerning legislation creating more favourable conditions for cooperation investment," he said, adding Vietnam was ready to sign agreements on investment protection and promotion and pacts on avoidance of double taxation.

Conference on Broadcasting Development Opens

BK2506065591 Hanoi VNA in English 0622 GMT 25 Jun 91

[Text] Hanoi VNA June 25—The 17th conference of the Governing Council of the Asia-Pacific Institute for Broadcasting Development (AIBD) was opened in Ho Chi Minh City Monday to discuss radio and T.V. development in Asia and the Pacific.

The meeting, the first ever in Vietnam, is attended by 29 delegates from 10 countries in Asia and the Pacific and six international organizations. Present at the opening session were Vietnamese Vice Minister of Culture, Information, Sports and Tourism Le Thanh Cong and AIBD Director General Dato Abudulah Mohamad.

Vietnam joined AIBD in 1979. Since then the institute has helped 144 Vietnamese personnel receive training abroad. It has also helped Vietnam open 35 short-term courses for 489 trainees at home.

Papua New Guinea

Alleged Misuse of Australian Helicopters Reported

BK2506071991 Melbourne Radio Australia in English 0500 GMT 25 Jun 91

[Text] Papua New Guinea's prime minister, Rabbie Namaliu, has ordered a probe into an army officer's statement that Australian-donated helicopters had been used to dump the bodies of executed rebels at sea. The head of the Papua New Guinea military on the troubled island of Bougainville also said during an Australian television interview that the helicopters had been used as gunships despite the understanding they were not to be used for offensive purposes on Bougainville.

Mr. Namaliu said he had ordered Defense Minister Ben Sabumei to give him a full report into comments made by Colonel Leo Nuia to the Australian Broadcasting Corporation's [ABC] Four Corners program. Papua New Guinea's foreign affairs minister, Sir Michael Somare, says he is disgusted and disappointed with the Four Corners report, describing it as unfair and biased.

Sir Michael Somare said if he had his way he would ban the ABC altogether. However, he added that the report had not harmed diplomatic relations between Australia and Port Moresby. Sir Michael called Col. Nuia a liar for denying some of the Bougainville atrocities before cabinet earlier this year and then admitting them on the Four Corners program. Sir Michael said Col. Nuia had to be lying either to Four Corners or cabinet. Radio Australia is the overseas service of the ABC.

Meanwhile, the Australian Government has expressed its concern at the comments made by Col. Nuia. A spokesperson for the Department of Foreign Affairs said that the prime minister, Mr. Hawke and the foreign affairs minister, Senator Evans had taken every opportunity to raise the issue with Papua New Guinea at the highest levels. The spokesperson said Australia deplored human rights abuses wherever they occurred and the Australian High Commissin in Port Moresby had raised any allegations with Papua New Guinea each time they arose. He said any misuse of Australian helicopters was a contravention of Papua New Guinea's pubic policy, but difficult conditions on Bougainville were hindering the prosecution of alleged defenders.

Army Commander Suspended

BK2506085991 Melbourne Radio Australia in English 0800 GMT 25 Jun 91

[Text] The commander of the Papua New Guinea [PNG] security forces in Bougainville, Colonel Leo Nuia, has been suspended pending an investigation into comments he made on an Australian television program last night. Defense Minister Benais Sabumei said Col. Nuia is being relieved while his comments are being reviewed for possible action by cabinet. Col. Nuia publicly confirmed on the Four Corners Program the Saint Valentine's Day massacre, where six Bougainvillians were shot by the PNGDF [Papua New Guinea Defense Forces] and their bodies dumped at sea in February last year. Mr. Sabumei has recommended Col. (Lima Daitona) as Col. Nuia's replacement on Bougainville.

Meanwhile, the Australian Government has expressed its concern at the comments made by Col. Nuia. The foreign affairs spokesman in Canberra said Australia deplored human rights abuses wherever they occurred. He added that any misuse of Australian-supplied helicopters would be a contravention of PNG's publicly stated policy.

Government Fears Commander

BK2406133491 Hong Kong AFP in English 1314 GMT 24 Jun 91

[Text] Sydney, June 24 (AFP)—Australian-donated helicopters aided a massacre on Bougainville and the Papua New Guinea Government fears its army commander on the island could launch a coup, according to an Australian Broadcasting Corp. (ABC) show Monday.

Colonel Leo Nuia, commander of Port Moresby's forces on Bougainville, told the ABC's Four Corners program that Australian intelligence had warned Prime Minister Rabbie Namaliu of a possible coup attempt by him.

As a result he was made to pledge he would not try and seize power, he said.

"I... was asked to assure cabinet that I had no plans or I was not intending to plan a coup.

"I was told that there was a report by the Australian intelligence made available to the government, that's why they had to call me up," Col. Nuia told the ABC.

Australian Foreign Minister Gareth Evans refused to comment on the intelligence report but Mr. Namaliu admitted a military coup could occur in Papua New Guinea.

"The ingredients are always there," he said.

Col. Nuia when asked to confirm that Australian Iroquois helicopters helped dump bodies of executed Bougainville civilians at sea on February 14, 1990—the so-called St. Valentine's Day Massacre—said: "Yes, they were found to be true."

The helicopters, flown by Papua New Guineans, were used as gunships during the uprising, Col. Nuia said.

"They were used from the air with the soldiers using their rifles or machine guns," he said.

This was contrary to Canberra's order not to use the aircraft in action during the two-year seccession battle, triggered by landowners seeking compensation from the copper mines there.

The war was declared over earlier this year with the signing of the Honiara Declaration of Peace although a lasting peace is still to be attained.

Col. Nuia, now back on Buka Island, just off Bougainville's northern tip, since it was reoccupied late last year, admitted a key bridge on Bougainville had been blown up three months after the declaration was signed.